Y4.B85/3:H81/977

94-2

94th Congress
2d Session

COMMITTEE PRINT

77-3976 pend recat

HOUSE OF REPRESENTATIVES
COMMITTEE ON THE BUDGET

VIEWS AND ESTIMATES

OF

STANDING COMMITTEES OF THE HOUSE, JOINT COMMITTEE ON INTERNAL REVENUE TAXATION, AND JOINT ECONOMIC COMMITTEE

(Together with Separate, Minority, Additional, and Dissenting Views)

ON THE

CONGRESSIONAL BUDGET FOR FISCAL YEAR 1977

SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

UNIVERSITY OF FLORIDA LIBRARIES
JUL 1983
DOCUMENTS DEPT.

MARCH 22, 1976

94th Congress
2d Session

COMMITTEE PRINT

HOUSE OF REPRESENTATIVES
COMMITTEE ON THE BUDGET

VIEWS AND ESTIMATES

OF

STANDING COMMITTEES OF THE HOUSE, JOINT COMMITTEE ON INTERNAL REVENUE TAXATION, AND JOINT ECONOMIC COMMITTEE

(Together with Separate, Minority, Additional, and Dissenting Views)

ON THE

CONGRESSIONAL BUDGET FOR FISCAL YEAR 1977

SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

MARCH 22, 1976

U.S. GOVERNMENT PRINTING OFFICE

68-249 O WASHINGTON : 1976 CB-94-22

COMMITTEE ON THE BUDGET

BROCK ADAMS, Washington, *Chairman*

THOMAS P. O'NEILL, Jr., Massachusetts
JIM WRIGHT, Texas
THOMAS L. ASHLEY, Ohio
ROBERT N. GIAIMO, Connecticut
NEAL SMITH, Iowa
JAMES G. O'HARA, Michigan
ROBERT L. LEGGETT, California
PARREN J. MITCHELL, Maryland
OMAR BURLESON, Texas
PHIL LANDRUM, Georgia
SAM M. GIBBONS, Florida
PATSY T. MINK, Hawaii
LOUIS STOKES, Ohio
HAROLD RUNNELS, New Mexico
ELIZABETH HOLTZMAN, New York
BUTLER DERRICK, South Carolina

DELBERT L. LATTA, Ohio
ELFORD A. CEDERBERG, Michigan
HERMAN T. SCHNEEBELI, Pennsylvania
JAMES T. BROYHILL, North Carolina
DEL CLAWSON, California
GARNER E. SHRIVER, Kansas
BARBER B. CONABLE, Jr., New York
MARJORIE S. HOLT, Maryland

George Gross, *Executive Director*
Linda Kamm, *General Counsel*
Nancy Teeters, *Assistant Director, Economic Analysis*
Bruce Meredith, *Assistant Director, Budget Priorities*
Melvin M. Miller, *Minority Staff Director*

CONTENTS

House committee:	Page
Agriculture	1
Appropriations	56
Armed Services	117
Banking, Currency and Housing	152
District of Columbia	174
Education and Labor	194
Government Operations	214
House Administration	224
Interior and Insular Affairs	227
International Relations	315
Interstate and Foreign Commerce	381
Judiciary	403
Merchant Marine and Fisheries	410
Post Office and Civil Service	415
Public Works and Transportation	453
Science and Technology	495
Small Business	500
Standards of Official Conduct	501
Veterans Affairs	503
Ways and Means	529
Joint Committee on Internal Revenue Taxation	546
Joint Economic	561
Joint Atomic Energy	679
Ad Hoc Committee on Outer Continental Shelf	686

Digitized by the Internet Archive
in 2013

http://archive.org/details/viewses00unit

Introduction

The Congressional Budget and Impoundment Control Act of 1974 sets up a timetable for various phases of the Congressional budget process, prescribing the actions to take place and setting the dates for their completion.

One of these steps, set forth in Section 301(c) of the Act, calls for the submission of the views and recommendations of each standing committee of the House and Senate on its spending which relates to its jurisdiction. These reports are due March 15, 1 month in advance of the reporting date of the first concurrent resolution on the budget.

The reports are important to the proper functioning of the Congressional budget process and, accordingly, are made mandatory by the Act. They provide the Budget Committees in the House and Senate with an early and comprehensive indication of committee legislative plans for the next fiscal year. These reports contain the committees estimates on those items which are required to be contained in the first budget resolution for the next fiscal year.

Section 301(c) states:

> (c) Views and Estimates of Other Committees.—On or before March 15 of each year, each standing committee of the House of Representatives shall submit to the Committee on the Budget of the House, each standing committee of the Senate shall submit to the Committee on the Budget of the Senate and the Joint Economic Committee and Joint Committee on Internal Revenue Taxation shall submit to the Committees on the Budget of both Houses—
>
> > (1) its views and estimates with respect to all matters set forth in subsection (a) which relate to matters within the respective jurisdiction or functions of such committee or joint committee; and
> >
> > (2) except in the case of such joint committees, the estimate of the total amounts of new budget authority, and budget outlays resulting therefrom, to be provided or authorized in all bills and resolutions within the jurisdiction of such committee which such committee intends to be effective during the fiscal year beginning on October 1 of such year.
>
> The Joint Economic Committee shall also submit to the Committees on the Budget of both Houses, its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House or Senate may submit to the Committee on the Budget of its House, and any other joint committee of the Congress may submit to the Committees on the Budget of both Houses, its views and estimates with respect to all matters set forth in subsection (a) which relate to matters within its jurisdiction or functions.

On February 6, 1976, the Chairman of the House Budget Committee, Mr. Adams, sent a letter to House Committee Chairmen, requesting these views and estimates. A copy of that letter is reprinted here.

U.S. House of Representatives,
Committee on the Budget,
Washington, D.C., February 6, 1976.

[Identical letter sent to House Committee Chairmen]

Dear : A crucial part of the now fully implemented Congressional budget process is the report of budget estimates which each committee and joint committee is required by the Congressional Budget Act of 1974 to submit to the Committee on the Budget on or before March 15. Section 301 of the Act states that the reports may cover committee views and recommendations on all matters in the budget resolution which relate to their jurisdictions or functions, including estimates of budget authority, outlays and revenues to be provided in legislation under the committee's jurisdiction for the ensuing fiscal year. The basic purpose of the report is to give committees an opportunity to record their views and recommendations as the Budget Committee considers and prepares targets to be contained in the First Concurrent Resolution on the Budget.

For FY 1977 it would be helpful if committees include the matter shown in the attached formats in their reports to the Budget Committee. The formats provide five mutually exclusive categories for making recommendations on budget authority and outlays for different types of budget items. The purpose of the separate categories is to help ensure, both for those filling out the reports and those reading them, that a review will be made of the President's FY 1977 budget proposals, as well as of the initiatives which the committees expect to propose. Instructions for interpreting the formats are included in the attachment. Reports on plans for the transition quarter, tax expenditures, and tax revenue measures are probably best done in narrative form, so no specific formats have been suggested for these items.

The wording of the Act is quite broad with respect to the invitation it extends for commenting on budget matters. Our suggestions about formats and areas of coverage in the reports are an attempt to indicate the minimum amount of information we would like to receive from the committees. Beyond that, you are most welcome to comment as broadly as you desire.

To help accomplish this objective, staff from the Congressional Budget Office, GAO and the Budget Committee have been working with your staff to identify committee responsibilities for budget accounts. With the assistance of the Congressional Budget Office and the cooperation of the Office of Management and Budget, we have endeavored to produce, for the use of your staff, lists of the President's FY 1977 budget requests broken down by committee jurisdictions. Since this is the first time that this complex effort has been undertaken, some errors are inevitable. We will be happy to correct those you bring to our attention. However, we hope that the lists will be of assistance in identifying matters that you may wish to cover in your reports to the Budget Committee. This and other materials that should be of direct assistance to your staff in preparing the reports is included in the attachment to this letter.

In addition to Committee comments on budget authority and outlays, the Budget Committee also looks forward to committee recommendations on revenue matters, economic and fiscal policy, tax

expenditures, and to any views the committees may wish to provide regarding the quality of Presidential estmates for such items as outlays for entitlement programs and receipts from rents and royalties for the Outer Continental Shelf.

With respect to tax expenditures, the Committee anticipates including information in the report on the First Budget Resolution on the principal tax expenditures relating to each function. Special Analysis F, contained in the companion volume to the President's Budget for 1977, sets forth the concept of tax expenditures and estimates for the principal items assigned to each budget functional category. In order to meet the requirement of section 101(c) of the Budget Act, the Committee needs to identify tax expenditures serving purposes similar to direct expenditure programs. Almost all tax expenditures are the direct result of tax legislation considered by the Committee on Ways and Means; however, the views of other substantive committees on tax expenditures and direct outlays aimed at common purposes would be most welcome.

Finally, the Budget Committee must, this year only, review the "transition quarter," July 1, 1976 through September 30, 1976, at which point the Government switches over to the new fiscal year (FY 1977) that runs from October 1 to September 30. As you know, the Senate version of the Second Concurrent Resolution on the Budget for FY 1976 established spending ceilings and a revenue floor for the transition quarter as well as for FY 1976. In addition, the Senate Budget Committee report on the resolution had established estimates for each functional category of the budget. The House-passed resolution included neither.

The conferees considered the transition quarter at great length, and finally resolved the issue as follows: The conference report establishes targets for the five budget aggregates—revenues, budget authority, outlays, deficit, and public debt. These targets are to be treated the same as the First Budget Resolution targets set last spring; that is, they are to guide both Houses in providing budget authority for the transition quarter. In addition, the statement of managers on the conference report indicates that next spring these targets will be revised, as necessary, and that ceilings will be set in the same manner as they are now set for FY 1976. These ceilings probably will be a part of the First Budget Resolution for FY 1977. Also, the statement of managers contains estimates for functional categories for the transition quarter.

As a practical matter, the transition quarter figures in the conference report generally reflect actions already completed by the Congress, and the President has requested no new initiatives that would begin in the transition quarter. The Budget Committee intends to adjust the transition quarter targets to continue to reflect completed actions of Congress and latest estimates for uncontrollables. If your committee should be planning any additional initiatives for the quarter, please be certain to include information on them in your committee's report, so that they can be considered when ceilings are established for the quarter.

Last year we had many requests to print and distribute the reports to the Budget Committee, although we did not do so. This year we are planning to publish the reports in connection with the Budget Committee's report on the First Resolution. Please let us know if you have any problems with this approach.

If your staff needs general assistance in completing the reports, please contact Benson Simon (ext. 57252) of the Budget Committee staff or our program analyst your staff most frequently deals with.

We look forward to receiving your reports, which are such an important element of the Congressional budget process.

With warm regards,

BROCK ADAMS,
Chairman.

Attachments.

REPORT

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

(Together with Minority Report)

TO THE

COMMITTEE ON THE BUDGET

PURSUANT TO THE

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT

COMMITTEE ON AGRICULTURE

THOMAS S. FOLEY, Washington, *Chairman*

W. R. POAGE, Texas, *Vice Chairman*
E DE LA GARZA, Texas
JOSEPH P. VIGORITO, Pennsylvania
WALTER B. JONES, North Carolina
ED JONES, Tennessee
JOHN MELCHER, Montana
DAWSON MATHIS, Georgia
BOB BERGLAND, Minnesota
GEORGE E. BROWN, Jr., California
DAVID R. BOWEN, Mississippi
CHARLES ROSE, North Carolina
JERRY LITTON, Missouri
JOHN BRECKINRIDGE, Kentucky
FREDERICK W. RICHMOND, New York
RICHARD NOLAN, Minnesota
JAMES WEAVER, Oregon
ALVIN BALDUS, Wisconsin
JOHN KREBS, California
TOM HARKIN, Iowa
JACK HIGHTOWER, Texas
BERKLEY BEDELL, Iowa
MATTHEW F. McHUGH, New York
GLENN ENGLISH, Oklahoma
FLOYD J. FITHIAN, Indiana
JOHN W. JENRETTE, Jr., South Carolina
NORMAN E. D'AMOURS, New Hampshire
RAY THORNTON, Arkansas

WILLIAM C. WAMPLER, Virginia, *Ranking Minority Member*
KEITH G. SEBELIUS, Kansas
PAUL FINDLEY, Illinois
CHARLES THONE, Nebraska
STEVEN D. SYMMS, Idaho
JAMES P. JOHNSON, Colorado
EDWARD R. MADIGAN, Illinois
PETER A. PEYSER, New York
MARGARET M. HECKLER, Massachusetts
JAMES M. JEFFORDS, Vermont
RICHARD KELLY, Florida
CHARLES E. GRASSLEY, Iowa
TOM HAGEDORN, Minnesota
W. HENSON MOORE, Louisiana

Professional Staff

Fowler C. West, *Staff Director*
Robert M. Bor, *Counsel*
Hyde H. Murray, *Counsel*
John R. Kramer, *Special Counsel*
L. T. Easley, *Press Assistant*

LETTER OF TRANSMITTAL

U.S. House of Representatives,
Committee on Agriculture,
Washington, D.C., March 15, 1976.

Hon. Brock Adams,
Chairman, Committee on the Budget,
House of Representatives, Washington, D.C.

My Dear Mr. Chairman: In compliance with section 301 of the Congressional Budget Act of 1974 and your report request and instructions of February 6, 1976, I am transmitting to you the Committee on Agriculture's Fiscal Year 1977 Report on the budget items under its jurisdiction.

I appointed an ad hoc group of 16 Representatives (the Chairman, Ranking Minority Member, the ten subcommittee chairmen, and four other minority members) to make budget recommendations to the full Committee. That ad hoc group convened on nine separate days from February 17 to March 8 to prepare its product. The full Committee, with 39 members present for a substantial part of the time, met for nearly seven hours on March 11 and 15 to complete work on this report.

The Committee's overall recommendations amount to an increase in budget authority over the President's budget for fiscal year 1977 of $2,379,167,000 and increase in outlays of $3,335,896,000. If the lower level of the range of food stamp figures is used based upon the President's legislative program, instead of current service estimates, those amounts are reduced to $865,635,000 for budget authority and $1,786,480,000 in outlays.

As can readily be seen from the reconciliation table, nearly one-half (46 percent) of the first or higher outlay figure, derives from the Income Security function under food stamps. Another 34 percent represents increases in outlays by the Agricultural Credit Insurance Fund (16 percent), by the Commodity Credit Corporation (9 percent), and rural water and waste disposal grants (9 percent). Thus four program areas contain 80 percent of the requested increases, while three other programs (Public Law 480, Agricultural Conservation Program, and Forest Protection and Utilization) account for another 11 percent.

The Committee wishes to emphasize that, although it has made specific comments on 15 legislative proposals it is considering that will have budget impact (13 of which it is originating) and 20 items in the President's budget, its silence with respect to the other programs within its jurisdiction (and these are numerous because the Appendix to the Budget devotes 93 pages to the Department of Agriculture, exclusive of the Environmental Protection Agency and the Commodity Futures Trading Corporation) should not be construed in any way as reflecting consent to the budget authority or outlay figures proposed by the President for fiscal year 1977.

The Committee also wishes to call the Budget Committee's attention to the desirability of separating loan programs from grant programs in the budget coupled with the inclusion of appropriate explanatory material to enable the public to understand that loan programs, such as those conducted by the Commodity Credit Corporation in its price support operations, do not involve a loss to the Treasury, since, in time, they are repaid with interest.

Finally, the Committee is seriously concerned about a constantly recurring feature of that part of the agricultural budget that involves commodity and loan programs—the total lack of relationship of end-of-the-year outlays to those proposed several months prior to the start of a fiscal year. In the 1970's, the discrepancies between the budgeted level of outlays and the usually higher actual level of outlays, varied by as much as $800 million and rarely, if ever, fell below $300 million, which was a better performance than during the 1960's when $1 billion variations were normal.

This problem is quite understandable because it is based primarily upon administratively uncontrollable factors, such as market prices (which affect the levels of loans as well as the amount of deficiency and disaster payments), interest rates (charged the Commodity Credity Corporation by the United States Treasury), and weather conditions or other natural disasters (which determine the need for disaster payments). But it also flows from factors that can be administratively regulated, such as the level of loan resales by the Agricultural Credit Insurance Fund (a major amount is anticipated in fiscal year 1977 in order to create an outlay surplus in the Farmers Home Administration revolving loan accounts of approximately $1.3 billion), the reprogramming of commodities procured for purposes of Title II donations under Public Law 480 (for example, this month's proposals to utilize more dairy products to avoid part of a substantial increase in outlays for the Commodity Credit Corporation in fiscal year 1977, and the use of export credit under the short-term Commodity Credit Corporation export credit program (in fiscal year 1976 this program went from a projection of $450 million, as is scheduled for fiscal year 1977, to $900 million in fact).

The Committee realizes that it is very difficult for the Department to project outlays with any degree of accuracy in light of this interacting set of fluctuating circumstances. What the Committee fears is the political consequences to agricultural programs of substantial increases in Department projected outlays after the first and second budget resolutions have been reported and passed. Those resolutions encompass an outlay figure for the Agriculture function that may well be surpassed by late winter or early spring, if not revised upward even earlier (as is the case with a $305.6 million increase in Commodity Credit Corporation and Public Law 480 outlays for fiscal year 1977 already reported to the Committee on March 12, some two months after publication of the budget, but six-and-one-half months prior to the start of the fiscal year). In the past, there have been instances of use of that highly artificial and inevitably inaccurate outlay figure as a cap on the agricultural budget to defeat proposals for program change.

If that political harm is likely to occur, then the Committee would suggest that the Budget Committee establish a contingency fund for the Agriculture function that would enable it to expand to meet changed conditions without throttling needed program revisions. If

on the other hand, the Budget Committee is willing not to restrict programs falling under the Agriculture function umbrella because the Department's January outlay estimates cannot harness the market reality that occurs some nine to twenty-one months later, then there is no need to create such a fund. Either a contingency fund of the type described or an understanding of the type set forth above is necessary, however to satisfy the Committee that this budget problem is reasonably under control, even though the outlays may not be.

Sincerely.

THOMAS S. FOLEY, *Chairman.*

JURISDICTION OF THE COMMITTEE ON AGRICULTURE

The Committee on Agriculture was officially established in 1820 and 60 years later, in 1880, the subject of forestry was added to its jurisdiction. For some time the Committee had the authority to receive estimates and report agricultural appropriations, but in 1920 this authority was transferred to the Committee on Appropriations.

The main areas of this Committee's jurisdiction, include the consideration of laws dealing with general farm policy. This jurisdiction extends to the adulteration of seeds; control of insect pests; protection of birds and animals on forestry reserves; agricultural and industrial chemistry; agricultural colleges and experiment stations; agricultural education and extension service, agricultural production, marketing, and price stabilization; animal industry and disease of animals; crop insurance and soil conservation; dairy industry; entomology and plant quarantine; farm credit and security; the national forests, and forestry in general; human nutrition and home economics; inspection and grading of livestock and livestock products; agricultural exports; surplus disposal, plant industry; soils and agricultural engineering; rural electrification; and the improvement of animal breeds.

In addition the Committee exercises its jurisdictional responsibilities on several matters not specifically mentioned in House Rule X(1)(a). The more important of these include international trade; foreign assistance; food assistance; flood control; animal welfare; international health; wild areas (in forests); pesticides; rural development including rural telephone banks, nonfarm rural housing loans, rural water supply, and water pollution control programs, and loans for rural firehouses, community centers and businesses.

There are also several specific jurisdictional areas that have been created for the Committee by historical reference which include:

(1) The restoration, expansion, and development of foreign markets for American agricultural products and of international trade in agricultural products; the use of agricultural commodities pursuant to Public Law 480, Eighty-third Congress, as amended, except for distribution outside the United States; and the effect of the European Common Market and other regional economic agreements and commodity marketing and pricing systems upon United States agriculture.

(2) All matters relating to the establishment and development of an effective Foreign Agricultural Service pursuant to title VI of the Agricultural Act of 1954.

(3) Matters relating to the development, use, and administration of the national forests, including but not limited to development of a sound program for general public use of the national forests consistent with watershed protection and sustained-yield timber management, and study of the forest fire prevention and control policies and activities of the Forest Service and their relation to coordinated activities of other Federal, State, and private agencies.

(4) Price spreads between producers and consumers.

(5) The formulation and development of improved programs for agricultural commodities; matters relating to the inspection, grading, and marketing of such commodities; and the effect of trading in future contracts for such commodities.

(6) The administration and operation of agricultural programs through State and county agricultural stabilization and conservation committees and the administrative policies and procedures relating to the selection, election, and operation of such committees.

(7) The development of upstream watershed projects authorized by Public Law 156, Eighty-third Congress, and the administration and development of watershed programs, pursuant to Public Law 566, Eighty-third Congress, as amended; the development of land use programs pursuant to the Food and Agriculture Act of 1962 and the Agricultural Act of 1970.

(8) All programs of food assistance or distribution supported in whole or in part by funds authorized to be used by the Department of Agriculture, including but not limited to the food stamp program, the commodity distribution program.

(9) The implementation and administration of the Wholesome Meat Act of 1967, the Wholesome Poultry Products Act of 1968, and the Egg Products Inspection Act of 1970, including the establishment and development of inspection services as required by the Acts.

(10) All matters relating to the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, and the Federal Environmental Pesticide Control Act of 1972, as well as all agricultural chemicals registered and regulated under such Acts.

(11) All matters relating to the implementation and operation of the Commodity Credit Corporation Charter Act.

(12) Legislation relating to the general operations of the Department of Agriculture, the Commodity Credit Corporation, the Farm Credit Administration, and the administration of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, by the Environmental Protection Agency.

CONTENTS

	Page
I. Letter of transmittal	5
II. Summary of Committee jurisdiction with regard to budget matters	7
III. Committee analysis of fiscal year 1977 budget:	
(1) Presidents requests for existing programs which require reenactment or modification of authorizing legislation for fiscal year 1977. (By functions.)	11
(2) President's requests for new and expanded programs which would require authorizing legislation for fiscal year 1977. (By functions.)	12
(3) President's requests for reductions in existing programs which would require amendment of authorizing legislation for fiscal year 1977. (By functions.)	13
(4) Congressional legislative initiatives for fiscal year 1977 contemplated by the House Committee on Agriculture. (By functions.)	15
(5) Presidents requests for existing programs which do not require authorizing legislation for fiscal year 1977. (By functions.)	22
IV. Budget reconciliation	41
V. Minority report	47

68-249 O - 76 - 2

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS
WHICH REQUIRE RE-ENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FY 1977

A. NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)

($)

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Environmental Protection Agency - Pesticides 20-00-0106-01-304	41,207,000	41,207,000*	41,207,000 (None)	41,207,000* (None)	The Committee has to consider reauthorization of the Federal Insecticide, Fungicide, and Rodenticide Act because it expires on March 31, 1977. During the conference on this legislation in November 1975, the Committee was advised that there would be no fiscal year 1977 problems if the law were only extended to March 31, 1977, and relied on this advice in limiting the duration of the law. The full level of budget authority depends upon the Committee's ultimate judgment as to the proper level of authorization for the full fiscal year ($23.6 million was authorized through March 31, 1977).

*(including 1,400,000 from interdisciplinary account)

II. PRESIDENT'S BUDGET REQUESTS
FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FY 1977

Legislative Proposal	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	

NONE APPLICABLE

III. PRESIDENT'S BUDGET REQUESTS
FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT
OF AUTHORIZING LEGISLATION FOR FY 1977

A. INCOME SECURITY (600)

($)

Legislative Proposal	President's Request: Budget Authority	President's Request: Outlays	Committee Recommendation: Budget Authority (Difference)	Committee Recommendation: Outlays (Difference)	Comment
Food Stamp Act of 1964 05-84-3505-0-1-604	4,786,468,000	4,750,584,000	4,786,468,000 to 6,300,000,000 (none to +1,513,532,000)	4,750,584,000 to 6,300,000,000 (none to +1,549,416,000)	The Committee is proceeding to hold hearings on food stamp legislation and will give that legislation its prompt attention even though it cannot be brought to the floor of the House before May 15. The shape of the legislation that will emerge from the markup thereafter is too uncertain to be predicted. Therefore, the Committee has recommended a range of figures. The bottom level represents the Administration's estimates of program costs should the Committee adopt their legislative program or should their proposed regulations be in effect for the full fiscal year. The top level represents the current service estimates of both the Congressional Budget Office ($6.3 billion arrived at assuming average monthly participation in fiscal year 1977 of 18.9 million persons each receiving an average monthly bonus per person of $26.10) and the Department of Agriculture ($6.3 billion derived by calculating average monthly participation in fiscal year 1977 at

III. PRESIDENT'S BUDGET REQUESTS
FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT
OF AUTHORIZING LEGISLATION FOR FY 1977
($)

Legislative Proposal	President's Request: Budget Authority	President's Request: Outlays	Committee Recommendation: Budget Authority (Difference)	Committee Recommendation: (Difference)	Comment
					19.9 million persons each receiving an average monthly bonus per person of $24.57).

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977

A. NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)

($)

Identify Initiative	Budget Authority	Outlays	Comment
Revisions of the Organic Act of 1897 05-96-1100-0-1-302 (Part of Forest Service - Forest Protection and Utilization)	Not available	Not available	In response to court decisions, the Committee anticipates legislation that will define the authority of the Forest Service to permit various types of silvicultural practices on national forest lands. The Committee does not expect that this legislation will diminish the timber yield of such lands and, thus, have an effect on payments to states (05-96-9999-0-2-850), but it may raise the cost of forest land management and administration and, accordingly, this possibility has been taken into account in calculating the budget for reforestation and timber stand improvement under Forest Protection and Utilization (05-96-1100-0-1-302). There is uncertainty as to whether this legislation has to be reported to the House prior to May 15.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977
($)

Identify Initiative	Budget Authority	Outlays	Comment
Land and Water Resource Conservation Act of 1975 05-78-1000-0-1-302 (part of Soil Conservation Service)	2,000,000	2,000,000	H.R. 10456 is pending before the Committee. It would establish a national policy for furthering the conservation of land, water, and natural resources, direct the Secretary to appraise these resources on a continuing basis, provide a a program to further land and water conservation on private and non-Federal lands, and provide for reports to Congress on the above.
Land and Water Conservation Fund Act Amendments 05-96-5009-0-2-302	4,500,000	4,500,000	H.R. 10546 is pending before the Committee. It would authorize funds to, among other things, pay court judgments in condemnation actions to establish the Boundary Waters Canoe Area in Minnesota.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977

B. AGRICULTURE (350)

($)

Identify Initiative	Budget Authority	Outlays	Comment
Grain Standards Act Amendments 05-81-2500-0-1-352 (part of Agricultural Marketing Service)	60,000,000 (+51,315,000)	60,000,000 (+51,315,000)* *Approximately 75% of these outlays will be offset by user fees, not all of which will be collected and deposited to the United States Treasury in the applicable fiscal year.	H.R. _____ will shortly be reported to the House. It would provide that, at port locations, inspections and supervision of weighing would be performed by the USDA or by States under a delegation of authority and that more stringent federal controls would be exercised over inspection at other locations. Approximately $5,000,000 of the authority would come in the form of appropriations, with $55,000,000 derived from user fees. Fiscal year 1977 costs include $2,400,000 for equipment capitalization that would not be repeated thereafter

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977
($)

Identify Initiative	Budget Authority	Outlays	Comment
Agricultural Pest Control 05-21-1600-0-1-999 (part of Animal and Plant Health Inspection Service)	Not available	Not available	S. 1617, which is awaiting the President's signature, would expand the authority of the Secretary of Agriculture to cooperate with foreign countries in detecting, controlling, and eradicating plant pests. No precise cost estimate can be made prior to the development of criteria that define the Federal role in plant pest control the clarification of the cooperation the United States will receive from other countries, and the onset of emergency conditions
Animal Welfare Act Amendments 05-21-1600-0-1-997 (part of Animal and Plant Health Inspection Service)	1,000,000	1,000,000	S. 1941, which is awaiting House-Senate conference, authorizes $400,000 which would be used for the enforcement of new criminal provisions relating to sponsorship, participation, transportation of, or use of the mails to promote fights between live birds, live dogs, and certain live mammals. $600,000 would be reserved for administering the remaining provisions of the bill imposing humane standards on carriers and intermediate handlers involved in the transportation of covered animals.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977
($)

Identify Initiative	Budget Authority	Outlays	Comment
Farmer-to-Consumer Direct Marketing Act	2,500,000	2,500,000	Under H.R. 10339, now awaiting Senate action, $1.5 million would be for allocation by the Secretary of Agriculture to states in which direct marketing from farmers to consumers is feasible, but needs financial support and promotion through conferences, law revision, and technical assistance. An additional $1 million is for a continuing nationwide survey by the Economic Research Service of direct marketing from farmers to consumers in each state (the first such survey would have to be completed within one year of enactment).
05-27-0502-0-1-352 (part of Extension Service)	(1,500,000)	(1,500,000)	
and			
05-36-1700-0-1-352 (part of Economic Research Service)	(1,000,000)	(1,000,000)	
Beef Research and Information Act	370,000	370,000	Under H.R. 7656, now recommitted to conference, $370,000 would be needed to pay for the referendum of qualified producers (including registration prior to the referendum) that is a prerequisite to the implementation of the uniform assessment plan for the purpose of beef market development. But this expense would be reimbursed to the United States from assessments collected by the Beef Board and would, therefore, be ultimately borne by the United States only if the referendum were to fail.
05-03-0115-0-1-352 (assigned to the Office of the Secretary like Cotton, Incorporated)			
Rural Development Act Amendments	3,000,000	3,000,000	H.R. 12109 would extend the authorization of title V of the Rural Development Act through fiscal year 1977. The title terminates otherwise as of the end of the transition quarter. The title provides funds for research, extension, and training to insure successful rural development. The authorization level for fiscal year 1977 would be $20 million, but the Committee recommends appropriations and outlays of $3 million, since only $1,440,000 will be expended in fiscal year 1976 for the purposes of this title.
05-27-0502-0-1-352 (part of Extension Service)			

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977
($)

Identify Initiative	Budget Authority	Outlays	Comment
Federal Food Marketing Appraisal Act 05-03-0115-0-1-352	1,500,000	1,500,000	H.R. 11998 is pending in the Committee. This bill would establish a 15-member Commission to analyze and appraise the domestic food marketing system by focusing on economic concentration and anticompetitive practices and structures in the food industry, the responsiveness of prices at various stages in the marketing process to farm-level prices, and other relevant factors. The Commission would be required to file a final report within 18 months of its initial funding.
Cotton Research and Promotion Act Amendments 05-81-2500-0-1-352		-3,000,000*	H.R. 10930, which is pending before the Committee, would provide for reimbursement of administrative costs incurred by the Department for supervisory work after an order or amendment to an order under the Act has been issued and made effective and would repeal the authority to use Commodity Credit Corporation funds for cotton research activities.

*The Department advises us that this $3 million is not reflected in their Commodity Credit Corporation outlays for fiscal year 1977.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977
($)

Identify Initiative	Budget Authority	Outlays	Comment
Packers and Stockyards Administration Amendments 05-45-2600-0-1-352	750,000	750,000	H. R. 8410 is pending in the Committee. Although the final shape of the bill is not entirely clear, it will more than likely involve the Department of Agriculture in administering a program providing better financial protection to sellers of livestock to packers.
National Agricultural Research Policy 05-18-1400-0-1-352 (part of Agricultural Research Service)	25,000,000	25,000,000	H. R. 11743 is pending in the Committee. This bill would authorize $25 million for fiscal year 1977 for grants to land grant colleges and universities, state agricultural experiment stations, and others, to carry out mission-oriented basic agricultural research that has a strong potential to be of benefit to mankind as well as for competitive research grants for organizations and individuals to carry out agricultural and food research.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977

A. INTERNATIONAL AFFAIRS (150)

($)

Major Issue or Program	President's Request: Budget Authority	President's Request: Outlays	Committee Recommendation: Budget Authority (Difference)	Committee Recommendation: Outlays (Difference)	Comment
Public Law 480 - Agricultural Trade Development and Assistance 05-57-2274-0-1-151					The President's budget evidences a significant decline in outlays for Public Law 480, Titles I and II based primarily upon projected lower unit prices for certain commodities (the total commodity volume is similar to fiscal year 1976, with a slightly different mix). The Committee disagrees with the dollar values assigned to the commodities as follows
Title I - Sales	680,465,000	609,500,000	760,465,000 (+80,000,000)	687,425,000 (+77,925,000)	
Title II - Donations	488,790,000	*508,410,000	488,790,000 (None)	559,397,100 (+50,987,100)	

Corn - Should be $3, not $2.60 per bushel

Wheat - Should be $4, not $3 per bushel

Upland cotton - Should be $325, not $310 per bale.

Feed grains - Should be $141.435, not $128.576 per ton.

Wheat and products - Should be $5.034, not $4.524 per bushel.

*The Department's budget figures for outlays under Title II, P.L. 480 program, have been revised upward by $122.1 million for additional purchases of powdered skim milk. This results from a transfer to the Title II program of additional acquisitions by CCC from its dairyprice support activities.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($)

Major Issue or Program	President's Request: Budget Authority	President's Request: Outlays	Committee Recommendation: Budget Authority (Difference)	Committee Recommendation: Outlays (Difference)	Comment
					Blended food products - Should be $.188, not $.127 per pound.
					In most instances, other than upland cotton (as to which the world cotton recession has ended), the appropriate unit price is the 1976 figure, not the projected 1977 one. The Committee's increases in outlay derive from multiplying these changed unit costs by the volume anticipated by the President.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977

B. NATURAL RESOURCES, ENVIRONMENT AND ENERGY (300)

($)

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Watershed Planning 05-78-1066-0-1-301	10,012,000	10,976,000	11,712,000 (+1,700,000)	12,676,000 (+1,700,000)	The Department of Agriculture does not wish to start any watershed planning work in fiscal year 1977. This is totally unacceptable to the Committee which wishes to restore $1.2 million for planning new projects as well as an additional $500,000 so that as many as 25 new planning authorizations could be made.
Watershed and Flood Prevention Operations 05-78-1072-0-1-301	135,263,000	161,238,000	9[illegible],263,000 (+55,000,000)	216,238,000 (+55,000,000)	The Committee wishes to add $30 million for new construction starts on installing watershed projects to prevent floods and reduce erosion damage. The Committee is displeased with the freeze in such starts that has occurred over the past several years. The Committee further wishes to include an additional $25 million for emergency operations following floods, heavy rains, and hurricanes, since past experience suggests that a level of $6.3 million is totally unrealistic (the supplemental appropriations for

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($)

Major Issue or Program	President's Request: Budget Authority	President's Request: Outlays	Committee Recommendation: Budget Authority (Difference)	Committee Recommendation: Outlays (Difference)	Comment
					fiscal years 1973-1976 have never gone lower than $20 million). Non-recurring emergencies seem to occur with some consistency.

68-249 O - 76 - 3

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($)

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Agricultural Conservation Program 05-60-3315-0-1-302	90,000,000	57,500,000	190,000,000 (+100,000,000)	157,500,000 (+100,000,000)	The Congress has already gone on record many times over the past 30 years to reject Presidential efforts to reduce or eliminate Federal cost-sharing assistance for soil and water conservation practices approved at the county level in accordance with national guidelines. On December 19, 1975, a $90 million deferral for fiscal year 1976 was overturned (Imp. res. H. Res. 912). Full funding should be a reality for fiscal year 1977.
Water Bank Program 05-60-3320-0-1-302	---	4,691,000	10,000,000 (+10,000,000)	14,691,000 (+10,000,000)	The Committee is unwilling to agree to the Department of Agriculture's proposal to terminate this program that provides Federal funds to support agreements with landowners and operators to conserve specific wetlands. The program should be funded as indicated with efforts made to enter into conservation agreements commensurate with the level of budget authority.

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977 ($)

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Great Plains Conservation Program 05-78-2268-0-1-302	5,178,000	16,949,000	20,648,873 (+15,470,873)	32,419,873 (+15,470,873)	The Committee wishes to restore all deleted funds for new contracts for Federal cost-sharing assistance for farmer and rancher conservation practices (approximately $14,265,000) and to reinstate the concomitant funds for administering such contracts and for technical assistance (the remaining $1,205,000).
Resource Conservation and Development 05-78-1010-0-1-302	21,488,000	21,641,000	25,738,500 (+4,250,500)	25,891,500 (+4,250,500)	The Department of Agriculture would reduce this program by $8,501,000 to reflect no aid to new project areas that wish planning, technical assistance, or cost-sharing assistance to install resource conservation and development measures. The Committee would restore one-half of this sum to permit the authorization of planning in at least 5 new project areas.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($)

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Forest Protection and Utilization	498,112,000	466,865,000	620,368,000 (+122,256,000)	604,554,000 (+137,689,000)	The Committee's recommendations encompass:
05-96-1100-0-1-302					1. An additional $110,475,000 in budget authority and $118,776,000 in outlays for the administrative, protection, and management portion of this account to cover $100 million in anticipated costs of fire suppression activities (comparable to the authority utilized in fiscal year 1975, since the 1976 winter has been unusually dry in much of the West with low snow counts) and $10,740,000 for increased costs of sales administration to meet the expected increase in demand for timber and wood products combined with the need for manpower to meet the requisite environmental safeguards. The $10,740,000 was derived by doubling the proposed increase for silvicultural examination (previously $2,538,000 to cover an additional 2,787,000 acres), adding $1 million to the $104,000 increase for harvest administration to assure environmentally sound harvest practices and restoring the proposed decreases for the sale
1) Administrative Protection and Management	287,726,000	279,425,000	398,466,000 (+110,740,000)	398,466,000 (+119,041,000)	
2) Reforestation and Timber Stand Improvement	63,132,000	58,000,000	68,132,000 (+5,000,000)	68,132,000 (+10,132,000)	
3) Insect and Disease Control	15,012,000	9,865,000	19,644,000 (+4,632,000)	14,497,000 (+4,632,000)	
4) Forestry Research	77,538,000	75,420,000	75,538,000 (-2,000,000)	75,420,000 (None)	

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($)

Legislative Proposal	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
5) Cooperation in Forest Fire Control	11,712,000	11,000,000	15,596,000 (+3,884,000)	14,884,000 (+3,884,000)	preparation program ($6,937,000 covering the sale of 800 million board feet) and for the costs of log export ($265,000). If more board feet are sold, there would be a corresponding impact on programs dependent upon sale income for permanent appropriations, i.e., Forest Roads and Trails under the Act of March 4, 1913 (05-96-999-0-2-302), the Cooperative Work/Trust Fund Sale Area Betterment through section 3 of the Knutson-Vandenberg Act of June 9, 1930 (05-96-8028-0-7-302), and the program of Payments to States National Forests' Fund under the Act of May 23, 1908 (05-96-9999-0-2-852). 2. An additional $5 million in budget authority and $10,132,000 in outlays for reforestation and timber stand improvement is suggested to emphasize this program and reduce existing backlogs in reforestation.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($)

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
					3. An additional $4,632,000 in both budget authority and outlays for insect and disease control to restore the proposed reduction in the contingency fund for these purposes. The fund might otherwise be exhausted by fiscal year 1976 expenditures. 4. A decrease of $2 million in budget outlays for forestry research in order to phase out participation by the Forest Service in marketing research for forestry products that ought to be handled by industry. 5. An additional $3,884,000 in budget authority and outlays for cooperation in forest fire control to continue, although at reduced level, the grant program to assist states in fire supression activities on state and private lands.
Youth Conservation Corps 05-96-1125-0-1-302	-------	16,000,000	17,000,000 (+17,000,000)	33,000,000 (+17,000,000)	This addition would nearly restore the program to its fiscal year 1976 budget authority level and permit a doubling of the gainful jobs offered to youth in the summer in protecting our environmental heritage.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($)

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Forestry Incentives Program 05-60-3336-0=1-302	------	6,270,000	15,000,000 (+15,000,000)	21,270,000 (+15,000,000)	The Administration proposes terminating this program and has unsuccessfully sought a rescission for 1976. The Committee wishes to have it restored to help the small, private, non-industrial farmland to meet future timber needs

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977

C. AGRICULTURE (350)

($)

Major Issue or Program	President's Request: Budget Authority	President's Request: Outlays	Committee Recommendation: Budget Authority (Difference)	Committee Recommendation: Outlays (Difference)	Comment
Agricultural Credit Insurance Fund 05-75-4140-0-3-351	141,189,000	-344,426,000	141,189,000 (none)	196,074,000 (+540,500,000)	1. $300 million of the increase is attributable to emergency loans to individuals. Although the Department of Agriculture estimates this portion of the ACIF program at $100 million, the consistent recurrence of emergencies has seen the level dip below $100 million only once since 1969 and stay at or above $400 million in 1973 ($557.0), 1975 ($735), and 1976 (estimated at $400). 2. $50 million should be added to soil and water loans to reflect the impact of EPA regulations. 3. An additional $126.5 million is suggested for farm ownership loans in order to maintain both initial and subsequent loans at the same level in fiscal year 1977 as in fiscal year 1976 (an increase of 2,500 and 1,000 such loans, respectively, at an average amount per such loan of $41,000 and $24,000, respectively.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($)

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
					4. An additional $84 million is recommended for farm operating loans in order to maintain both initial and subsequent loans at the same level in fiscal year 1977 as in fiscal year 1976 (an increase of 2,250 and 2,900 such loans, respectively, at an average amount per such loan of $16,666 and $9,120, respectively).
Foreign Agricultural Service 5-51-2900-0-1-352	37,119,000	38,407,000	38,407,000 (+1,288,000)	39,695,000 (+1,288,000)	The Department proposes to require the Foreign Agricultural Service's foreign market development program, which develops foreign markets for our farm products, to absorb all of its own overseas inflation costs and the inflation cost of the agricultural attache service. The Committee wishes to keep both the agricultural attache service and the foreign market development program even with inflation.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($)

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Commodity Credit Corporation 05-66-4336-0-3-351	943,863,000	873,816,000*	943,863,000 (None)	1,192,816,000 (+319,000,000)	1. Short-term export credit outlays are expected to be reduced in the President's budget by $481 million because of increased repayments of prior loans and a reduced program level. But there will be additional pressure for export credits if overall agricultural production increases and if dollar export markets tighten without export credit assistance, as is expected (since it is unlikely that the bad weather and poor crop conditions that prevailed in parts of the world in fiscal year 1976 will occur again). The result is a recommended increase of $225million (lowering the expected reduction to $256.6 million). 2. The National Wool Act of 1954 will need an increase of $13 million over the President's budget since market prices are likely to decrease from the unusual fiscal year 1976 high, thereby increasing deficiency payments and causing outlays to total $49 and not $36 million.

*The Department's budget figures for outlays by the Commodity Credit Corporation have been revised upward by $183.6 million by the Committee in light of information from the Department indicating the following increases in programs:

Feed Grains and Products +$22.6 million (because of increased loan rate prices and larger disaster payments).

Wheat and Products +19.4 million (because of increased ban rates and larger disaster payments).

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977 ($)

Major Issue or Program	President's Request: Budget Authority	President's Request: Outlays	Committee Recommendation: Budget Authority (Difference)	Committee Recommendation: Outlays (Difference)	Comment
	Rice +$128.0 million (because of new legislation, lower market prices) Upland Cotton +20.7 million (because of increased target prices and larger disaster payments) Soybeans +54.5 million (because of reinstitution of loan and purchase program) Peanuts +16.5 million (because of larger carrying charges and domestic donations) Storage Facility +7.3 million There are anticipated budget decreases in the tobacco program of $21.7 million, in administrative and related program expenses of $1 million, and in net interest of $2.9 million.				3. Interest will need $55 million more, since the Committee thinks that borrowings by the Corporation will not decrease from fiscal year 1976 (given the higher level of activity the Committee anticipates in the short-term export credit and P.L. 480 programs as well as in potential disaster payments) and, further, that interest income to the Corporation should be balanced by interest costs to it over the course of the year. 4. $26 million, the same sum as for fiscal year 1976, needs to be restored to permit borrowings from the Corporation to pay for the cost of vendor supplies made available to producers under the fully-reinstated Agr. Conservation Program.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($)

Legislative Proposal	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Agricultural Research Service 05-18-1400-0-1-352	263,202,000	271,193,000	268,902,000 (+5,700,000)	276,893,000 (+5,700,000)	The Committee recommends that the Department of Agriculture's responsibility for genetic appraisals of dairy herds and dairy herd improvement continue. It is a cost effective program. It further wishes to have funded the $1 million set aside for rice research contained in the recently signed Public Law 94-214. In addition, the Committee wishes to provide $3.2 million to be certain that the national food consumption survey, which is supposed to be conducted every ten years and thus is two years overdue already, can be conducted, tabulated, analyzed, and published in 1977.
Cooperative State Research Service 05-24-1500-0-1-352	122,508,000	123,756,000	128,708,000 (+6,200,000)	129,956,000 (+6,200,000)	The Committee recommends a $2 million increase for grants for cooperative forestry research under the McIntyre-Stennis Act, part of which under pending legislation, may go to private colleges of forestry and a $4.2 million increase to fund grants for specific research problems at nonprofit institutions of higher education or organizations (at the fiscal year 1976 level), including $489,000 for the STEEP project.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($)

Legislative Proposal	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	(Difference)	
					Of the moneys provided for the cooperative state research service, the Committee intends that $500,000 be allocated to the Forage Grasslands Research Center at Temple, Texas for staffing, equipment, and construction of a main entrance roadway and $250,000 be allocated to the Pecan Research Center at Brownwood, Texas, for use in construction of a headquarters building
Extension Service 05-27-0502-0-1-352	218,790,000	221,111,000	249,490,000 (+30,700,000)	251,811,000 (+30,700,000)	The Committee recommends restoring full funding for the Expanded Food and Nutrition Program (an additional $10,170,000) at the fiscal year 1976 level, adding $5 million for forestry extension under Section 3(d) of the Smith-Lever Act based on the favorable USDA report on such activity (pursuant to a request contained in the conference report on fiscal year 1976 agricultural appropriations), and providing other increases for penalty mail for extension agents to cover recent postal rate hikes ($8,600,000) and for the 5 percent pay raise ($6,900,000).

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($,

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Statistical Reporting Service	33,712,000	33,457,000	33,373,000 (+161,000)	33,618,000 (+161,000)	The Committee recommends continuation of the floriculture surveys as part of the crop and livestock estimates performed by the Service.
05-33-1800-0-1-352					

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977

C. COMMERCE AND TRANSPORTATION (400)

($)

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Commodity Futures Trading Commission 30-38-1400-01-403	11,615,000	11,726,000	13,588,000 (+1,973,000)	13,699,000 (+1,973,000)	The additional funds would provide 50 new positions to supervise markets and handle public complaints ($900,000), and opportunity to upgrade computer operations ($550,000) and to enter into cooperative agreements for joint economic research projects with universities ($250,000). The remainder covers personnel costs.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977

D. COMMUNITY AND REGIONAL DEVELOPMENT (450)

($)

Major Issue or Program	President's Request: Budget Authority	President's Request: Outlays	Committee Recommendation: Budget Authority (Difference)	Committee Recommendation: Outlays (Difference)	Comment
Rural Water and Waste Disposal Grants 05-75-2066-0-1-451	---	115,354,000	300,000,000 (+300,000,000	415,354,000 (+300,000,000)	These grant funds, which provide up to 50 percent of the development cost of a project are essential to supplement loans for applicant communities unable to shoulder substantial debt service charges. The demand for such grants is great since there appears to be a backlog of loan applications pending that approximate $500 million.
Rural Community Fire Protection Grants 05-75-2067-0-1-452	---	875,000	7,000,000 (+7,000,000)	7,875,000 (7,000,000)	Since there is still authorization for this rural development program (because of the late start in funding it), the Committee would like it to be funded in conjunction with forest fire control through state and private forestry cooperation.

RECONCILIATION OF PRESIDENT'S BUDGET REQUESTS WITH COMMITTEE'S RECOMMENDATIONS

(dollars in thousands)

Budget Function	President's Request Budget Authority	President's Request Budget Outlays	Committee Recommendations Budget Authority (Difference)	Committee Recommendations Budget Outlays (Difference)
International Affairs (150)	1,169,255	1,117,910	1,249,255 (+80,000)	1,246,822 (+128,912)
a. Foreign Economic and Financial Assistance (151)	1,169,255	995,910	1,249,255 (+80,000)	1,124,822 (+128,912)
Natural Resources, Environment and Energy (300)	804,752	871,521	1,151,930 (+347,178)	1,234,132 (+362,611)
a. Water Resources and Power (301)	160,719	187,763	217,419 (+56,700)	244,463 (+56,700)
b. Conservation and Land Management (302)	1,170,085	1,209,959	1,460,563 (+290,478)	1,515,870 (+305,911)
c. Pollution Control and Abatement (304)	41,207	41,207	41,207 (None)	41,207 (None)
d. Energy	21,409	21,260	21,409 (None)	21,260 (None)
Receipts	-588,668	-588,668	-588,668 (None)	-588,668 (None)

68-249 O - 76 - 4

(Dollars in thousands)

Budget Function	President's Request Budget Authority	President's Request Budget Outlays	Committee Recommendations Budget Authority (Difference)	Committee Recommendations Budget Outlays (Difference)
Agriculture (350)	2,262,079	1,912,643	2,391,563 (+129,484)	2,898,627 (+985,984)
a. Farm Income Stabilization (351)	1,258,999	900,587	1,258,999 (None)	1,760,087 (+859,500)
b. Agricultural Research and Services (352)	1,055,795	1,064,771	1,185,279 (+129,484)	1,191,255 (+126,484)
Receipts	-52,715	-52,715	-52,715 (None)	-52,715 (none)
Commerce and Transportation (400)	11,615	11,726	13,588 (+1,973)	13,699 (1,973)
a. Other Advancement and Regulatuon of Commerce (403)	11,615	11,726	13,588 (+1,973)	13,699 (+1,973)
Community and Regional Development (450)	357,602	348,513	664,602 (+307,000)	655,513 (+307,000)
a. Community Development (451)	---	115,534	300,000 (+300,000)	415.534 (+300,000)

(dollars in thousands)

Budget Function	President's Request Budget Authority	President's Request Budget Outlays	Committee Recommendations Budget Authority (Difference)	Committee Recommendations Budget Outlays (Difference)
b. Area and Regional Development (452)	347,625	218,002	354,625 (+7,000)	225,002 (+7,000)
c. Disaster Relief and Insurance (453)	10,000	15,000	10,000 (None)	15,000 (None)
Receipts	-23	-23	-23 (None)	-23 (None)
Health (550)	232,498	231,329	232,498 (None)	231,329 (None)
a. Prevention and Control of Health Problems (553)	232,498	231,329	232,498 (None)	231,329 (None)
Income Security (600)	4,785,802	4,749,918	4,785,802 to 6,299,334 (None to +1,513,532)	4,749,918 to 6,299,334 (None to +1,549,416)
a. Public Assistance and Other Income Supplements (604)	4,786,468	4,750,584	4,786,468 to 6,300,000 (None to +1,513,532)	4,750,584 to 6,300,000 (None to +1,549,416)
Receipts	-666	-666	-666 (None)	-666 (None)

(dollars in thousands)

Budget Function	President's Request Budget Authority	President's Request Budget Outlays	Committee Recommendations Budget Authority (Difference)	Committee Recommendations Budget Outlays (Difference)
Revenue Sharing and General Purpose Fiscal Assistance (850)	36,640	36,640	36,640 (None)	36,640 (None)
a. Other General Purpose Fiscal Assistance (851)	36,640	36,640	36,640 (None)	36,640 (None)
Interest (900)	-184	-184	-184 (None)	-184 (None)
a. Other Interest (902)	-184	-184	-184 (None)	-184 (None)
GRAND TOTAL	9,660,059	9,280,016	10,525,694 to 12,039,226 (+865,635 to +2,379,167)	10,760,896 to 12,615,912 (+1,786,480 to +3,335,896)

SEPARATE VIEWS—HOUSE AGRICULTURE COMMITTEE BUDGET

Hon. John B. Breckinridge, a Representative in Congress From the State of Kentucky

March 15, 1976

During the House Agriculture Committee's consideration of the fiscal 1977 budget recommendations I sought unsuccessfully to increase the obligational authority for insured loans from the Rural Development Insurance Fund. I urge the Budget Committee to now take what I consider to be a very strong case under favorable consideration.

I emphasize at the outset that my recommendations *would have no impact on actual budget outlays for fiscal 1977*. They will ultimately cost only $50–$60 million, nonrecurring dollars, in fiscal 1979, making available *now* an additional $2 billion dollars for developmental loan purposes under the Rural Development Act of 1972. The present revolving fund thus augmented will generate an initial additional 200,000 new jobs under pre-applications and applications already pending with the Farmers Home Administration, as will appear below.

In 1972, Congress approved the Rural Development Act to revive Rural America. Two Administrations have not implemented the programs authorized, and Congress itself has not pushed the Administration to implement the Act as vigorously as it might have done; it has not funded the programs to the extent necessary to carry out the intent of the Act.

This inaction continues despite a major nationwide depression and the fact that the U.S. Department of Agriculture issued reports showing that there is indeed a population trend from the metropolis back to our rural areas.

This neglect of rural development has continued also, despite the fact that financial support, such as can be provided by the Rural Development Act, is lacking to build the infrastructure necessary for Rural America to hold and support the citizens who desire to live there. This infrastructure requires water and sewer lines, community services and new business and industrial development loans to lay the predicate for the necessary expansion of business activities.

The House Agriculture Committee, in partial recognition of this need, recommended to the House Budget Committee elsewhere herein, that the rural water and waste-disposal program be funded at its full authorization of $300 million annually. The Committee has also recommended a $7 million authorization for the rural fire protection program provided for by the Rural Development Act. Both of these programs comprise an integral part of the total effort to undergird rural development.

Rural housing programs must also play an integral part in putting new life into Rural America. Although these programs were not

authorized by the House Agriculture Committee (primary jurisdiction being with the Banking, Currency and Housing Committee), I believe it appropriate to make a plea here for more adequate funding to stimulate and expand Farmers Home Administration housing programs. The Agriculture Committee also directed staff to incorporate such general language in its report to this Committee. The need for housing assistance is clear-cut in Rural America, and more housing construction would help fight recession.

Recognizing the good work done under limiting circumstances, it is also relevant at this point to state that special attention must be directed toward the Farmers Home Administration to increase both the quantity and quality of its field staff in selected areas and in order that it might thus improve delivery of service to eligible rural citizens.

In the following remarks, I will concentrate on the three programs covered in the Rural Development Insurance Fund in which I propose an additional $2 billion *lending* authority (*not* budget outlays): (1) water and sewer facility loans ($1.4 billion); (2) community facility loans ($.542 billion); and (3) business and industrial development loans ($1.1 billion).

The Farmers Home Administration makes direct loans for these programs from the Rural Development Insurance Fund, a revolving fund. The money to start that revolving fund has already been appropriated and is not a budgetary item in fiscal 1977 nor will it be in future years. The Farmers Home Administration makes loans at 5 percent interest from the revolving fund and then usually sells the loans to the Federal Financing Bank as certificates of beneficial ownership, at prevailing interest rates. Receipts from these sales are returned to the revolving fund to make it self-sustaining. In times of high interest rates, the revolving fund programs result in budget outlays for an interest subsidy (the difference between 5 percent and the prevailing interest rate, currently 7.7 percent, according to the Farmers Home Administration), administration costs and loan defaults; relatively insignificant annual appropriations only are therefore necessary.

Water and sewer facility loans, dating back to 1937 under legislation that has been revised, have resulted in a loss ratio of .001 percent. The business and industrial loans, dating back only two years, have a loss ratio of .01 percent. The community facility loans, also dating back two years, have experienced no losses. Because the Rural Development Insurance Fund may make loans in one year, and not sell them until the following year, a budgetary "deficit" could possibly be recorded in any given year, but it is an artificial bookkeeping figure. These withdrawals cannot rightfully be considered as budget outlays, because the Fund recovers the money as soon as the loans are sold.

Because the budgetary impact is minimal, I strongly recommend that the Budget Committee and the Congress authorize obligational authority for these programs at least sufficient to match established pre-application and application existing needs. The Farmers Home Administration informs me that it has applications or pre-applications in the amount of $1.4 billion for water and sewer facility loans; $1.1 billion for business and industrial loans; and $542 million for community facility loans, for a total of $3.042 billion. My recommendation to the Budget Committee is simply to increase the authorized obligational authority for these programs to *those* levels, as a minimum, as opposed to the grossly inadequate amounts recommended in the

President's Budget as unchanged by the House Agriculture Committee ($470 million for water and sewer facility loans; $350 million for business and industrial loans and $200 million for community facility loans, a total of $1.003 billion). In this way, without budget outlays, the need that exists for these loans can be met; of course, to the extent that need does not exist at acceptable risk ratios, loans obviously will not be made and there would be *no* budget outlay necessary at any time in the future.

If the Farmers Home Administration is authorized to make loans up to the amounts I suggest, the budgetary authority for fiscal 1977 would not change from the $47,484,000 figure for fiscal 1977 recommended by the President and the House Agriculture Committee. The time lag in the way the program operates would not increase expenditures until fiscal 1979. Even then, the total budget authority would increase only by an estimated non-recurring $55–$60 million in fiscal 1979 (for a total of about $130 million). In subsequent years, the increased budget authority caused by loans made in fiscal 1977 would diminish. The $55–$60 million is negligible in a budget that is certain to exceed $400 billion, for the infrastructure development and upgrading of non-metropolitan America.

If we authorize a budget outlay of an additional $59–$60 million in 1979, that would result in an additional current $2 billion worth of loans—and if we assume the generally accepted investment-multiplier of 2.5 applied to that money—a total of $5 billion would enter the income stream, benefiting Rural American and the total economy, at no cost of consequence to the taxpayer.

The Farmers Home Administration advises that a $10,100 business or industrial loan will create or maintain a job. The Small Business Administration reports that in a similar way an SBA $6,700 loan will create or maintain a job. Taking the FHA figure, we are talking about adding a minimum of 200,000 jobs immediately.

It is of the utmost importance, both to rural and urban America, to establish *now* that Congress wishes this inexpensive, insured-loan program to operate at a level necessary to meet established demand. A revitalized rural America will relieve pressures on the nation's crowded cities and thus serve the total national interest at an insignificant cost to taxpayers.

I would not want to conclude without noting that if the Budget Committee does not see fit to fund the full amount necessary to meet the pending $3 billion pre-application and application requirements of our communities, any figure in addition to that recommended by the Administration and the Committee will geometrically accelerate our developmental ratio while adding to our national capitalization, stimulating the economy and producing much-needed jobs.

Minority Report

It is unfortunate but necessary that we must file this dissent to the work of the Committee regarding the fiscal year 1977 Budget.

In general we believe the Committee has done a credible job of examining and articulating a reasoned projection of suggested expenditures for fiscal year 1977 on eight of the nine functions of government that are within the partial jurisdiction at least of this Committee.

But on the ninth function, "Income Security," the Committee majority has utterly failed to come to grips with the issue at hand.

On eight functions the Committee has given its definitive recommendations on what fiscal year 1977 spending ought to be.

On the ninth function it has ducked the issue and has chosen instead to "pass the food stamp buck" to the Committee on the Budget.

Our concept of the new budget law is that each legislative committee should search and find a reasonable and actual expenditure level that reflects their expertise and experience. . . . Certainly the Budget Committee will be held to that standard.

On a 22–10 roll call vote the Committee chose to prevent the consideration of Mr. Wampler's amendment to set the Committee's food stamp recommendation at the level proposed by the President's budget. By adopting instead an amendment to Mr. Wampler's amendment to set a range of $4.8 billion (the President's budget) and $6.3 billion (the CBO and USDA projections of expenditure if no changes are made) the Committee has simply not faced up to its full responsibility.

The $4.8 to $6.3 billion range recommendation of the Committee majority for the Food Stamp program assumes the Budget Committee will decide what program level should be funded. The $4.8 to $6.3 billion recommendation for fiscal year 1977 is advocated because the Budget Control Act generally prohibits Floor consideration of entitlement legislation prior to May 15, and because there are unspecified uncertainties with respect to pending legislative and regulatory reforms.

If the upper figure of the range is adopted the fiscal year 1977 funding level will be $649 million *higher* than actual fiscal year 1976 program costs and $1.514 billion more than the $4.786 billion Administration request for fiscal year 1977.

We contend there is little likelihood that the Committee will report legislation prior to May 15. In addition, the Administration request is based on specific legislative and regulatory reforms which have been in process for some months. In particular, on February 26, 1976 the U.S. Department of Agriculture published proposed regulations which if fully implemented would reduce fiscal year 1977 outlays by an estimated $1.2 billion. That action combined with further reform legislation should bring fiscal year 1977 Food Stamp program costs into line with the Administration's recommended $4.786 billion. In addition the Congress in P.L. 94–157 has already directed the Secretary to promulgate regulations which will correct program abuse and reduce program costs by $1.4 billion.

In recognition of pending food stamp reform measures as well as the intent of the Budget Control Act to place a realistic limitation on overall Federal spending, it is urged that the Administration's recommendation be followed. A more detailed discussion is contained in Appendix A to this report.

In summary, we feel the Committee majority has only "bitten the marshmallow" on Food Stamps, when in reality it should have settled on a reasonable figure consistent with the badly needed reform.

William C. Wampler, Keith G. Sebelius, Paul Findley, Charles Thone, Steven D. Symms, Edward R. Madigan, Richard Kelly, Charles E. Grassley, Tom Hagedorn, W. Henson Moore.

Appendix A to Minority Report

On March 11, 1976, the Committee on Agriculture voted *not* to make a budget recommendation for the Food Stamp program during Fiscal Year 1977. Instead, the Committee by a record 22–10 vote put forward a $1.5 billion *range* of $4.8 billion to $6.3 billion, leaving it up to the Budget Committee to decide what level should be funded. This approach, if accepted as general practice, would undermine the budget process by eroding the very discipline and fiscal responsibility intended by the Congressional Budget Act of 1974 (Public Law 93–344).

The $6.3 billion component is derived from current services estimates, prepared independently by the U.S. Department of Agriculture and the Congressional Budget Office, which assumes *no change* in the program rules in operation as of March 5, 1976. If unaltered during the course of subsequent Congressional action on the budget, this level of funding will represent an *increase* of $649 million over actual food stamp expenditures during Fiscal Year 1976, and an *increase* of $1.514 billion over the $4.786 billion requested in the Administration's 1977 budget proposal.

The Administration's request is based on legislative and regulation reforms which have been in process for several months. In particular, on February 28, 1976, the U.S. Department of Agriculture published a sweeping series of proposed changes to Federal food stamp regulations in the Federal Register. As stated in the proposed regulations package, the comment period will last until March 29, 1976, after which date any final changes or refinements may be made by the Department prior to implementation. The schedule contained in the regulations package stipulates that all changes will be implemented prior to the beginning of Fiscal Year 1977. Given U.S. Department of Agriculture estimates of savings under the proposed regulations, it is anticipated that Food Stamp program costs during Fiscal Year 1977 will be in line with the Administration budget recommendation. Additional legislative reform provisions also are pending in the Congress which, if enacted, could reduce Food Stamp program costs even further during Fiscal Year 1977.

In following the Administration's recommendation for Food Stamp program funding during Fiscal Year 1977, two questions must be answered. *First*, does the necessity exist for food stamp reform? *Second*, is it likely that food stamp reform will be achieved?

THE NECESSITY FOR STAMP REFORM

The Food Stamp program, which began in the early 1960's as a small pilot program to improve the nutritional levels of the poor, has grown into one of the nation's most expensive and certainly its most controversial social program. During Fiscal Year 1961 the Food Stamp program was in operation in six local jurisdictions nationwide, with a total caseload of 50,000 recipients. Today, food stamps are

being distributed in 3,046 locations nationwide, including Guam, Puerto Rico and the Virgin Islands.

In April, 1975, the food stamp caseload peaked at a staggering 19.3 million recipients. This fact alone was a signal to many that the program had gone far astray of its legislative purpose of raising levels of nutrition among the nation's poor; that, as suggested a year earlier (April 15, 1974) in a report of the Subcommittee on Fiscal Policy of the Joint Economic Committee, "the Food Stamp program has been transformed into the country's only universal income guarantee, available to families of able-bodied men as well as to other needy persons."

The opponents of food stamp reform often could be heard insisting that program growth stemmed flatly and plainly from its geographic expansion to new locations, the termination of the commodities distribution program, and the high unemployment rates experienced during the economic recession. It was argued that nationwide application of the Food Stamp program was complete, and that as unemployment decreased, the food stamp caseload also would go down. In support of their view, the last county entered the program in March, 1975. Also, as the unemployment rate went down by 0.3 percent from 8.9 percent to 8.6 percent between May, 1975, and September, 1975, the food stamp caseload dropped by 727,000 recipients.

Just as in March, 1975, 3,046 local jurisdictions now are participating in the Food Stamp program. The unemployment rate also has gone down by another 0.8 percent from 8.6 percent to 7.8 percent since September, 1975. Yet, the food stamp caseload, which now stands at 19.1 million recipients, has gone *up* by 493,000 persons during the same period.

According to Congressional Budget Office and U.S. Department of Agriculture officials, the major factors in the size of the food stamp caseload are food prices and per capita disposable income. Both agencies expect unemployment to continue to go down on into 1977, food price inflation to ease and per capita disposable income to increase. Yet, the U.S. Department of Agriculture now predicts an average food stamp caseload of 19.9 million persons during Fiscal Year 1977 if nothing is done to reform the program.

There is no question that the geographic expansion of the Food Stamp program and the recession have had a significant impact on Food Stamp program growth. What is disturbing is that significant internal program growth now is occurring seemingly in spite of these factors. With studies showing that up to one-fourth of our entire population may be eligible to receive food stamps, the prospects of continued uncontrolled growth are startling.

From a financial perspective, the outlook without immediate food stamp reform also is dim. During Fiscal Year 1965, direct Federal expenditures for the Food Stamp program totaled $35 million. During Fiscal Year 1975, just ten years later, direct Federal expenditures totaled $4.7 billion. According to Administration estimates, the Food Stamp program will cost $5.7 billion during the current Fiscal Year—an increase of $1 billion, or 20%, over 1975. According to Congressional Budget Office and U.S. Department of Agriculture estimates which are based on the most recent economic data, the cost of the Food Stamp program will go up another $600 million to $6.3 billion

during Fiscal Year 1977 without reform. As stated earlier, as economic conditions continue to improve, the Food Stamp program continues to grow.

It is well known by those who support a humane and reasoned approach to the Food Stamp program that the causes of the continued unexplained growth are rooted largely in the basic rule governing food stamp eligibility and benefit levels. At present, these rules

- Place absolutely no limitation on the gross incomes of food stamp households.
- Penalize the truly needy residing in small households—particularly the aged—and make it easier for larger, high income households to get food stamps by allowing a dizzying maze of deductions from income before eligibility and benefits are determined.
- Subvert the intent of the "Poage work registration amendment" to the Food Stamp Act by not requiring food stamp recipients to actively seek gainful employment and by superimposing certain "suitability of employment" provisions which allow unemployed recipients to legally refuse gainful employment when it is offered.
- Increase error rates and subsidize the temporarily unemployed who have sufficient resources to remain fully self-supporting by basing food stamp eligibility and benefits on anticipated future income.
- Allow food stamp recipients to have virtually unlimited real and personal property by generally placing a dollar limitation only on tangible liquid assets.
- Aggravate inequities with the near poor, who either marginally do not qualify for food stamps or have too much pride to participate in the program, by establishing food stamp purchase requirements at artificially low levels.
- Provide special inducements to college student participation by exempting them from the work registration requirement and permitting special deductions for educational costs.
- Permit strikers—including illegal strikers according to a recent court decision—to obtain food stamps.
- Allow minors and runaway children to obtain food stamps as independent households.
- Allow welfare recipients to remain categorically eligible for food stamps even though they may not meet income and resource standards for the program.
- Do not contain any meaningful provision for the nutritional education of recipients to insure that food stamp benefits actually are used to improve their nutritional levels.

It also is well known by those who support a humane and reasoned approach to the Food Stamp program that illegal abuse is a serious problem. According to the latest Quality Control statistics, 46.6 percent of all food stamp cases are processed in error, and one food stamp dollar in four is misspent either because of administrative inefficiency or cheating. Recently, we have been informed that at least $19 million in Federal funds has been issued or stolen by food stamp vendors who sell food stamps to recipients.

Finally, as recently as February 21, 1976, U.S. Department of Agriculture officials testified before the Committee on Agriculture that they do not know how much fraud and cheating is going on.

However, the logical solutions to these problems are well established:

- Stricter rules and procedures with respect to cash and coupon accountability.
- A system of photo-identification cards and countersigned food stamp warrants to insure that the use of food stamps is restricted to those who are legitimately entitled to have them.
- A retrospective accounting period and monthly income reporting system to insure that income and resources are accurately obtained and that changes in circumstances affecting eligibility and benefits are promptly reported.
- A system of earnings and benefit verifications to further enhance program integrity.

Unfortunately, and tragically so, as the Food Stamp program has continued to swell as a general subsidy for certain middle-class Americans, the truly needy increasingly have been short-changed on benefits to which they are rightfully entitled. As mentioned earlier, this problem is especially acute with respect to our aged citizens. Aged food stamp recipients frequently are from one or two person households for which aggregate benefit levels are the lowest. But because they often are forced to subsist on low fixed incomes, their living expenses also must be kept to an absolute minimum. In terms of current program rules, this translates to *fewer* deductions from income for eligibility and benefit purposes; and this in turn translates to lower benefits, higher purchase requirements and reduced eligibility for food stamps.

The need for immediate reform of the Food Stamp program is apparent if the Federal Government is to regain control of spiraling costs and, at the same time, insure that available resources are focused upon the truly needy in a humane and generous way.

THE LIKELIHOOD OF FOOD STAMP REFORM

Efforts to reform the Food Stamp program have been underway for several months. A number of bills now pending in the Congress contain the elements of a legislative solution to the problem. However, the Congress and the Administration also have recognized that many of the needed changes can be achieved within existing provisions of the Food Stamp Act. In December, the Congress approved the Supplemental Appropriations Act of 1976 (P.L. 94–157) which reduced the Administration's request for additional food stamp funds and earmarked $100,000 for the revision of food stamp regulations. As stated in House Report 94–645 on the supplemental appropriations bill:

> In recommending an additional appropriation for the food stamp program for that part of fiscal year 1976 from February until June 30, 1976 of $1,750,000,000, the Committee has made $100,000 of such funds available only to revise regulations as authorized by existing law. This should put an end to many existing violations. In this connection the committee takes note of section 5(a) of the Food Stamp Act which authorizes the Secretary of Agriculture to establish eligibility standards and specifically provides:
>
> ****participation in the food stamp program shall be limited to those households whose income and other financial

resources are determined to be substantial limiting factors in permitting them to purchase a nutritionally adequate diet.

The House report restates and further clarifies the legislative intent of the supplemental food stamp appropriation, as follows:

> These and other suggested changes must be made in the regulations immediately if the program is to be preserved for the legitimate recipient. The Committee has earmarked $100,000 of the fiscal year 1976 appropriation for the specific purpose of revising program regulations so as to minimize existing misuse and unwarranted expenditures. The Department has indicated its willingness to try to bring the abuses in this program under control. The Department can and should immediately start to revise their procedures to bring them in line with the law. Since approximately three months remain before these funds are needed the Department should have in full force and effect such changes and revisions as are necessary on or before February 1, 1976. In view of this, the $1,750,000,000 recommended by the Committee together with carryover funds, should provide for the program level contemplated by the Congress for fiscal year 1976. Available also is the $3,453,000,000 appropriated by Public Law 94–122 for the period June 30, 1975 to January 30, 1976, and approxmately $586,000,000 in unobligated funds carried over from fiscal year 1975. Testimony before the Committee revealed that the Administration's request was overstated due to the recent decline in program participation, because of improvements in the economic condition of the Country as well as the availability of carryover 1975 funds which were not anticipated at the time the request was prepared. Therefore, the Committee is able to recommend a reduction in the fiscal year 1976 request of $1,387,095,000.
>
> With the new regulations, the $1,039,117,000 previously appropriated for the transition period, plus carryover funds, should be adequate. Therefore, the Committee does not recommend the appropriation of any additional funds for the transition period at this time. Should a need develop, the matter could be dealt with in subsequent appropriation bills.

The Department moved to comply with the intent of the supplemental food stamp appropriation on February 26, 1976, when proposed reform regulations were published in the Federal Register. Given a period for comment and refinement of the proposed regulations in line with the Administrative Procedure Act, the Department of Agriculture anticipates implementation of these provisions prior to the beginning of Fiscal Year 1977.

The Department of Agriculture's regulation changes will not provide a *total* solution to food stamp reform. They are, however, a significant step in the right direction, by:

1. Establishing uniform national income standards of eligibility for food stamp recipients, using the official government poverty level as the basis for eligibility;

2. Tightening the accountability of food stamp vendors to prevent misuse of stamp funds; and

3. Requiring able-bodied applicants for food stamps to actively seek employment as a condition for eligibility.

As stated by the Department of Agriculture, the objective of these regulations is to eliminate abuses in the food stamp program, to control costs and to increase benefits to persons who are truly in need. Under these standards, nearly five million persons would receive increased benefits, virtually all of whom are either elderly or the poorest of the poor in this country. Approximately five million persons would be excluded from the program in favor of those truly in need, particularly the elderly. The new effect of these reforms will be to save taxpayers $1.2 billion a year.

This action combined with further reform legislation should bring Fiscal Year 1977 Food Stamp program costs into line with the Administration's recommended $4.786 billion.

FOOD STAMPS AND THE BUDGET

In spite of the demonstrated need and reality of food stamp reform the Committee has recommended that a funding *range* be set at $4.8 billion to $6.3 billion for Fiscal Year 1977—a nonsolution that is totally inconsistent with the intent of the Congressional Budget Act of 1974. Further, the $6.3 billion upper limit is based on what will be necessary with absolutely no reform either by the Congress or the Administration. Finally, the $6.3 billion upper limit represents a $649 million increase over actual food stamp expenditures during Fiscal Year 1976 and an increase of $1.514 billion over the $4.786 billion requested by the Administration.

This year the Congress is facing the difficult challenge of fiscal responsibility on many fronts. One such front is a runaway Food Stamp program which now accounts for nearly half of the entire USDA budget, but which still misses the target in providing humane and generous food assistance to the truly needy. If one fact has become apparent during recent years, it is that government no longer can solve problems by throwing more money at them. Congress scarcely has control over food stamp costs because it is an entitlement program. The solution is rooted in basic program reforms which are under way both legislatively and administratively. Rather than ignore the President's initiative, the Congress should applaud it. We should then move to work closely with the Administration in completing reform with the necessary supplementary legislation. The Committee on Agriculture has faced its first test of good faith and resolve and has failed on both counts.

In a larger sense, the Committee's vote on food stamps has serious implications with respect to overall government spending. We now are in the first year of a new budget process, which is aimed at controlling overall spending levels and placing the relative costs and priorities of individual programs into perspective with each other. If the Congress is to act responsibly, it can no longer opt for the status quo—or worse, make no decision at all—when change is essential. Uncontrolled backdoor spending, based strictly on annual increases for inflation and artificially raised public service expectations can no longer be the path of least resistance. The issues must be confronted

and resolved on their own merits if the Congress is to ease the burden of taxes and a growing national debt on our constituents, if economic recovery from the recent recession is to be further stimulated with a balanced budget; if public confidence is to be restored in our ability to focus assistance on those who legitimately need government assistance.

It is for these reasons that we urge the Committee on the Budget to overcome the Committee on Agriculture's lack of resolve on the Food Stamp program and approve an amount of $4.786 billion in line with the Administration's proposal.

HOUSE OF REPRESENTATIVES

COMMITTEE ON APPROPRIATIONS

VIEWS AND ESTIMATES

ON THE

BUDGET PROPOSED FOR FISCAL YEAR 1977

SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974

TO THE

BUDGET COMMITTEE

together with

SEPARATE AND MINORITY VIEWS

MARCH 15, 1976

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1976

INDEX TO THE REPORT

	Page
Introduction and purpose of concurrent resolutions	1
Timely authorization of appropriations	3
Backdoor spending	4
External factors that will affect the budget	5
Summary table	8
Discussion by functional category:	
National Defense	9
International Affairs	14
General Science, Space, and Technology	16
Natural Resources, Environment, and Energy	17
Agriculture	22
Commerce and Transportation	24
Community and Regional Development	28
Education, Training, Employment, and Social Services	31
Health	35
Income Security	38
Veterans Benefits and Services	41
Law Enforcement and Justice	43
General Government	45
Revenue Sharing and General Purpose Fiscal Assistance	46
Interest	47

68-249 O - 76 - 5

INTRODUCTION

The Committee on Appropriations submits the following report in compliance with Section 301(c) of the Congressional Budget and Impoundment Control Act of 1974.

It should be emphasized that this report identifies some of the major contingencies and areas of the budget that need further examination and that the report should not be interpreted as recommendations of the Committee on Appropriations.

It should also be pointed out that the Committee has only begun the fiscal year 1977 budget process. Hearings, during which hundreds of witnesses from the Executive branch, the Congress, and the public will be heard, have not been completed and much information remains to be developed before any recommendations can be made. Thus, it is not possible at this time to make recommendations in this report. However, the Committee has identified areas and contingencies that may possibly lead to changes in the budget and that deserve further consideration. The Committee on Appropriations, of course, will make its own specific recommendations to the House when it reports the various appropriation bills that are now being developed by the individual subcommittees. Thus the final determination of the items and totals will not likely be completed until June when all appropriation bills are expected to be reported to the House.

The Committee emphasizes that the contingencies identified herein in no way reflect an overall recommendation on the Federal budget as to its size or its priorities. These views and estimates reflect what might happen if certain events take place. It is felt that by identifying such contingencies, this report will provide the Budget Committee and the House with a more complete understanding of possible factors that may affect the President's budget request now before the Congress.

COMMITTEE PROCEDURE

The Budget Act requires that the Congress adopt by May 15 of each year a concurrent resolution setting forth the appropriate levels of total budget authority and total outlays, the level of revenues, the level of debt, and the appropriate amount of surplus or deficit in the budget. The report of the Budget Committee on this concurrent resolution shall also include an estimate of budget authority and outlays for each major functional category in the budget. Accordingly, this report of the Appropriations Committee is presented on the basis of major budget functions. It incorporates the views of the thirteen Appropriation subcommittees with respect to the programs and activities under their respective jurisdictions. These views and estimates were drafted and approved by the subcommittees prior to March 1 and the consolidated report by functions was approved by the Full Committee on March 11.

PURPOSE OF THE CONCURRENT RESOLUTIONS ON THE BUDGET

The drafters of the Congressional Budget Act of 1974 recognized that the legislative budget machinery had fallen into disrepair over a long period of years. This was due largely to the excessive fragmentation of the Congressional budget process and the relative inability of Congress to establish overall budget policy in terms of national priorities—with respect to both taxes and spending. After months of deliberation, and with the benefit of the efforts of the Joint Study Committee on Budget Control, the Committee on Rules of the House of Representatives and the Committee on Government Operations of the Senate reached conference agreement on a budget control bill which received overwhelming approval in both bodies. From the standpoints of the Committee on Appropriations, this legislation embraced three cardinal principles.

First, it provided a mechanism for the Congress to relate consciously the two sides of the budget—revenues provided by taxes and spending provided by various appropriations. Not since 1865 had this been in the purview of a single committee.

Second, in recognition of the fragmentation of the budget process, the new legislation undertook to close what has become known as the "backdoor" of the Treasury. Backdoor spending in terms of contract authority, Treasury borrowing, and entitlement programs had proliferated to the extent that the traditional authorization and appropriations process was seriously crippled.

Third, it provided for more timely Congressional budget decisions by changing the fiscal year and providing for early or advanced authorization in order to complete actions on appropriations.

To accomplish the stated objectives of budget control, the legislation adopted a mechanism whereby the Congress would approve two concurrent resolutions on budget totals. The first concurrent resolution—at which this report is directed—establishes tentative legislative *targets* on budget totals before detailed Congressional action on tax and spending alternatives. The second concurrent resolution establishes legislative *ceilings* on budget totals after the Congress has had an opportunity in the traditional manner to consider decisions having budgetary impact.

In recognizing the utility of the appropriations process during the drafting of the legislation, the Rules Committee adopted as the proper course the preservation and enhancement of the appropriations process which has consistently demonstrated its effectiveness as a means of budget control.

With respect to the content of the report of the concurrent resolutions on the budget, the Committee notes with concern the tendency to identify and to make recommendations for specific line items. While these line item recommendations have no actual effect, they do tend to obscure the overall macro-economic responsibilities of the Budget Committee and to needlessly duplicate much of the hearings and deliberations that are the responsibility of the authorizing and appropriating committees. Recently, there has been some evidence that there is increasing pressure to fragment the functions into more detailed aggregations of Federal activities. This fragmentation should be avoided since it will only serve to focus the overall debate on the "means" and mechanics of Federal programs, not the broad-based

macro-level objectives of the Federal budget. The Committee considers decisionmaking concerning specific line items and programs to be a responsibility of the Congress to be achieved through the regular authorization and appropriations process. The Committee urges that the content of the reports on the Concurrent Resolutions on the Budget be confined to the purposes set forth in the Act.

TIMELY AUTHORIZATIONS FOR APPROPRIATIONS

The budget control legislation mandates that a well-ordered sequence of events occur in the legislative process so that the objectives of the Act might be fulfilled. The key ingredients are timely action on bills providing authorizations for appropriations and the appropriations bills themselves. Traditionally the appropriations bills are reported on a timely basis once authorizing legislation is made available. It is the authorization process that in the past has resulted in frequent delays. Without timely action on *all* authorizations, the process cannot work as envisioned.

The Joint Study Committee on Budget Control in its final report in April 1973, expressed the opinion that appropriation bills could be speeded up appreciably if the authorizations did not occur in the same year as the appropriations and in fact recommended that "authorizations take effect no earlier than the fiscal year after the fiscal year in which they are enacted." In other words, it was contemplated that authorizations would be in place in advance of the commencement of the budget and appropriations process.

The House version of the Congressional Budget Act contained a requirement that authorizations bills be reported by March 15. Under the circumstances, this decision represented an acceptable benchmark in a workable legislative budget timetable. However, the Senate version of the bill, and ultimately the conference agreement, provided for reporting authorizing legislation by May 15, two months later than the House bill required. This date change is presenting serious problems.

Early last fall the committee began struggling with a schedule for handling the fiscal year 1977 appropriations bills within the framework of the new budget legislation and has now implemented a plan which calls for concluding all subcommittee hearings in April and marking up all appropriation bills between April 26 and May 7. The Full Committee would then consider all subcommittee recommendations between May 24 and June 4. A summary report of Committee recommendations would be rendered to the House pursuant to Section 307 of the budget act and all appropriation bills would be considered by the House between June 15 and July 2. This would leave about six work-weeks for Senate and final conference action on spending measures before the mid-September date for action on the Second Concurrent Resolution.

Obviously, if authorizing committees wait to report legislation until the deadline of May 15, it will have a minimal impact or no impact on appropriation bill mark-ups which must be concluded by May 7. If the new budget process is to succeed—an objective to which this Committee is dedicated—the legislative machinery of the House must be timed

to produce authorizing legislation in advance of the May 15 date contained in the law. While considerable effort has been directed at accelerating the consideration of authorizing legislation, the Committee notes that during this session very few bills containing major authorizations for 1977 appropriations have come to the House floor.

If authorizations are not available in a timely manner in such sensitive areas as national defense, international affairs, health, education, science, energy, and others, the legislative budget process will flounder, and the Congress will have forfeited a rare opportunity to implement effectively its will in setting national priorities and establishing legislative budget controls.

BACKDOOR SPENDING

In adopting the new legislation in July of 1974, the Congress took a giant step forward in the area of budget control by reversing the trend toward the splintering of spending decisions and closing the backdoor of the Treasury with respect to contract authority, entitlement programs, and Treasury borrowing.

The Committee is alarmed, however, by the recent proliferation of legislative proposals involving program guarantees, which while they do not grant budget authority in the technical sense of the term, do pledge the full faith and credit of the United States government and thus establish a contingent liability on the taxpayer virtually beyond the subsequent control of Congress. The fiscal 1977 budget submitted in January indicates that in addition to the national debt, the liability of the federal government by virtue of guaranteed and insured loans is some $176 billion, up from $161 billion in 1976 and $153 billion in 1975.

These liabilities are real. For example, the Administration has requested over $800 million to satisfy liabilities associated with defaulted loans of the Federal Housing Administration.

If this practice of unrestrained guarantee program is not stopped, it appears the Congress will lose grasp of its newly acquired control of the backdoor. Some recent examples of this end run on Congressional budget control include the $10 billion in Tennessee Valley Authority loan guarantees for generating facilities enacted last year; the $1.5 billion of mortgage relief contained in the Emergency Housing Act of 1975; the Arts and Artifacts Indemnity Act passed this session indemnifying up to $250 million of foreign art treasures when on display in the United States; the $60 million of guarantees and insurance for economic development enterprises contained in the Indian Financing Act; the open ended liability for nuclear accidents contained in the Price-Anderson Amendments; and the $250 million in loan guarantees for opening new coal mines contained in the Energy Policy and Conservation Act.

There is also legislation pending which would obligate the government through similar devices for oil spills on the Outer Continental Shelf and for industrial and economic development undertakings associated with energy projects. Perhaps the best example of the proportions that such legislation might assume is the off-budget proposal in the President's Budget to create an Energy Independence Authority which could eventually commit the federal government to expendi-

tures in the astonishing amount of $100 billion through a massive program with mixed financing devices involving loans, guarantees, and authority to spend debt receipts.

Fortunately, with the cooperation and understanding of the legislative committees involved, the Congress in several instances has demonstrated the wisdom to reject legislative provisions which circumvent the regular process. The recently adopted New York City Seasonal Financing Fund and the Defense Production Act Amendments are examples. There must be a better and more widespread understanding by the Congress and the Executive of the dangers legislation of this nature presents to budget control.

OFF-BUDGET AGENCIES

The Committee is also concerned with the rapid growth of off-budget agencies. Off-budget agencies are activities of the federal government which are excluded from the budget on the unified basis. In 1977 these activities will add an estimated $11 billion to the public debt. The proliferation of off-budget agencies is only a recent phenomenon. The first program to be excluded from the budget by law was the Export-Import Bank. This was a 1971 act of Congress at the urging of the Executive Branch. Since then the Postal Service fund, the Rural Telephone Bank, the Housing for the Elderly or Handicapped fund, the Federal Financing Bank, and the Pension Guaranty Corporation have joined the ranks of off-budget programs.

In fiscal year 1972 outlays from off-budget agencies added about one tenth of a billion dollars to the public debt. In 1974 the figure was $2.7 billion. For fiscal year 1977 it is estimated the off-budget agencies will add over $11 billion to the debt.

A statement on page 12 of the budget submitted in January admits that "In many cases there is little or no justification for off-budget treatment." Ironically, on page 923 of the Budget Appendix there appears a major legislative proposal for the Energy Independence Authority—off-budget under any reasonable evaluation of the matter—in the amount of $83 billion in new budget authority in 1977.

Under law, the first agency excluded from the budget, the Export-Import Bank, will return to the budget on next October 1. The Congress and the Executive must resist recurring temptations to provide favored treatment for programs by excluding them from the budget. Indeed, the Committee urges that steps be taken to return the presently excluded activities to the budget.

External Factors That Will Affect the Budget

In addition to the major program contingencies highlighted in the functional statements which follow later in this report, there are certain other factors that may have a significant effect on the appropriations requirements for fiscal year 1977.

ACTIONS OF THE ECONOMY

Foremost among these will be the functioning of the nation's economy. The President's budget projects unemployment at 6.9 percent, inflation at 6.0 percent, and real growth at 5.7 percent. If these estimates are not realized, then the effect on the budget will be substantial.

An increase in unemployment would almost certainly result in increases in spending for unemployment compensation, public assistance, food stamps, and other similar programs. There would be even greater pressures for job creating programs such as public works and public service jobs. Additionally, revenues would decline as more and more people become unemployed.

Conversely, greater improvements in unemployment above that projected by the President would result in decreases in the above programs and increases in revenue.

An increase in inflation would add substantially to government spending, particularly as a growing number of programs have built-in increases that are triggered by inflation rate increases.

Unfortunately, decreases in inflation have little impact on the budget in this regard, as none of the programs with built-in triggers provide for any spending decreases, even though prices themselves may be decreasing.

Real economic growth—that is, growth in the Gross National Product (GNP)—is at the heart of the President's budget. The projection of 5.7 percent growth in the GNP is the main cause of the estimated $53.8 billion increase in tax revenues between fiscal year 1976 and fiscal year 1977. If economic growth falters, substantial decreases in tax revenues would occur. As discussed previously, this would increase Federal deficit spending and the national debt.

TAX PROPOSALS

The President has recommended a continuation of the present temporary $18 billion tax reduction which would otherwise expire July 1, along with an additional reduction of $10 billion. This latter reduction is based on an accompanying dollar for dollar spending reduction. If the Congress continues the existing temporary tax reduction but does not enact the additional $10 billion reduction, it would result in an increase of $10 billion in revenues over that projected in the budget, and an equivalent reduction in the projected deficit.

The President has also proposed increases in the social security tax rate. These changes would increase receipts by $3.3 billion in 1977. If Congress does not adopt all or a part of this proposal, then revenue receipts would have to be reduced and the national debt increased accordingly.

Similarly, the President has proposed an increase in the unemployment insurance tax rate which would produce $2.1 billion in fiscal year 1977. Failure to enact this would result in a proportionate increase in the national debt.

PORTION OF BUDGET TO BE FUNDED IN APPROPRIATION BILLS

Of the total new budget authority of $433.4 billion proposed in the 1977 budget, approximately $264 billion, or 61 percent, is subject to funding in the various annual and supplemental appropriation bills.

The balance, $169.4 billion, involves budget authority pertaining to trust funds, permanent appropriations, and other special funds not within the jurisdiction of the Committee on Appropriations.

Of the amount to be funded through the annual appropriation process, $76.4 billion, or 29 percent, requires prior authorizing legislation. Some of the major programs in this category include the procurement, research and development ($32.7 billion), and the military constructon ($3.3 billion) segments of the national defense budget; a major portion of the international affairs budget ($3.2 billion); energy research and development ($6.1 billion); the space program ($3.7 billion), and a significant portion of the income security budget ($17.0 billion).

UNCONTROLLABILITY

Another major factor that must be given consideration in the establishment of targets on budget authority and outlays is the uncontrollability of the requirements for many programs and activities. About $65 billion, or 25 percent, of the budget authority to be funded in appropriation bills are for programs that are classified as relatively uncontrollable under present law. It is estimated that the outlays that will result from these "uncontrollable" appropriations will be $61 billion. In addition, another $74 billion in outlays result from appropriations made in prior years that are budgeted for expenditure during fiscal year 1977. Past experience has shown a material variation between the actual requirements and the estimates for the uncontrollable programs. Where the Committee has been able to identify program underestimations, the contingencies are discussed in the individual functional descriptions.

CONCERN ABOUT THE NATION'S FISCAL SITUATION

In the 10 years that will end with fiscal 1977, the public debt will have increased over $360 billion—as much as had been accumulated in the entire first 190 years of our existence as a Nation. Overall, the public debt will total some $710.4 billion by the end of fiscal year 1977. Interest payments on that amount alone is some $45 billion in 1977.

Thoughtful Americans must be concerned about such a situation. For years the Committee on Appropriations has consistently appropriated less than the amounts requested by the President and far less than advocated by many Members of Congress and numerous groups of the public in general. This has not been an easy task, and each year it seems to grow increasingly more difficult.

The new budget process should be helpful in this regard. By providing tight spending ceilings and by recommending adequate amounts of revenue, it will be possible to improve the nation's fiscal health.

However, nothing will be accomplished, and in fact, much effort wasted, if the budget ceilings are only the products of the adding up of all the desires of the Congress and every important pressure and constituent group around the Nation without providing any additional revenues. Under the new process this should not be the case.

SUMMARY

The Committee has identified contingencies of over $22 billion in budget authority and almost $20 billion in outlays which the Budget Committee should examine closely in developing the First Concurrent Budget Resolution.

The following table shows the areas that should have further consideration. The Committee on Appropriations emphasizes again that it is not in any sense recommending the following but simply identifying areas where greater examination must be held. Additionally, it should be pointed out that many of these contingencies, if they materialize, will be covered by budget estimates which the President would submit and thus would not be over the budget.

BUDGET REQUEST AND CONTINGENCY SUMMARY—FISCAL YEAR 1977 BUDGET AUTHORITY AND OUTLAYS

[In thousands of dollars]

	Fiscal year 1977 budget authority			Fiscal year 1977 outlays		
	Budget request	Contingency	Total	Budget request	Contingency	Total
National defense	114,904,575	−905 000	113,999,575	101,129,055	−53,600	101,075,455
International aflairs	9,666,388	----------	9,666,388	6,823,597	----------	6,823,597
General science, space and technology	4,618,427	----------	4,618,427	4,506,887	----------	4,506,887
Natural resources, environment and energy	9,702,476	2,873,000	12,575,476	13,772,354	2,052,800	15,825,154
Agriculture	2,262,071	26,000	2,288,071	1,729,041	25,500	1,754,541
Commerce and transportation	17,924,887	6,192,000	24,116,887	16,497,824	1,271,500	17,769,324
Community and regional development	5,818,698	618,200	6,436,898	5,531,911	327,400	5,859,311
Education, training, employment and social services	15,943,033	6,218,084	22,161,117	16,615,147	6,543,844	23,158,991
Health	38,037,998	1,416,000	39,453,998	34,393,457	1,717,672	36,111,129
Income security	157,678,003	2,305,000	159,983,003	137,114,544	4,529,231	141,643,775
Veterans benefits and services	17,680,864	2,222,000	19,902,864	17,196,459	2,157,000	19,353,459
Law enforcement and justice	3,318,041	96,000	3,414,041	3,425,998	81,300	3,507,298
General Government	3,460,200	82,229	3,542,429	3,433,030	68,829	3,501,859
Revenue sharing	7,347,122	----------	7,347,122	7,350,979	----------	7,350,979
Interest	41,296,422	----------	41,296,422	41,296,812	----------	41,296,812
Allowances	2,590,000	----------	2,590,000	2,260,000	----------	2,260,000
Undistributed offsetting receipts	−18,840,185	1,000,000	−17,840,185	−18,840,185	1,000,000	−17,840,185
Total	433,409,020	22,143,513	455,552,533	394,236,910	19,721,476	413,958,386

National Defense

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays		
		From new current	From prior year balances	Total
Appropriation request:				
Requiring authorization	39, 123, 728	12, 861, 829		12, 861, 829
Not requiring authorization	74, 214, 025	62, 535, 887	26, 062, 215	88, 598, 102
Subtotal	113, 337, 753	75, 397, 716	26, 062, 215	101, 459, 931
Proposed legislation	483, 893	550, 093	−23, 200	526, 893
Subtotal, appropriation requests	113, 821, 646	75, 947, 809	26, 039, 015	101, 986, 824
Permanent, trust funds, and other backdoor authority	8, 939, 415	7, 269	6, 991, 448	6, 998, 717
Offsetting receipts	−7, 856, 486			−7, 856, 486
President's budget request	114, 904, 575			101, 129, 055

Functional Description

This function includes those programs directly related to the common defense and security of the United States. It includes the raising, equipping, and maintaining of armed forces, including civilian supporting activities; development and utilization of weapons systems, including nuclear weapons; and the provision of military assistance to friendly governments.

The function provides direct compensation and benefits paid to active military and civilan personnel; contributions to their retirement, health, and life insurance funds; military retired pay; the conduct of defense research, development, testing, and evaluation; and procurement, construction, stockpiles, and other activities undertaken with the direct objective of fostering our national security. Included are the military activities of the Department of Defense, Military assistance programs to other nations, atomic energy defense activities, and the defense related activities of civilian agencies including the GSA and the Selective Service System.

Excluded from national defense are benefits or compensation to veterans and their dependents since these are provided when the recipient is no longer actively contributing to our national defense. Also excluded are the conduct of foreign relations, foreign economic development and humanitarian assistance, subsidies to business by civilian agencies which may be partially justified as promoting national security, and research and operations of agencies such as space research whose program could result in some significant benefits to our national security.

Committee Views

For fiscal year 1977 the budget recommends new authority totalling $114.9 billion and outlays totalling $101.1 billion for national defense. This is an increase in budget authority of some $12.6 billion over the 1976 budget estimate.

It now appears, after some six weeks of hearings and analysis of the budget, that large reductions will not be possible in fiscal year 1977 without adversely affecting the nation's defense security. This of course is not a final judgment as the hearings have not yet been completed and no mark-up has been held.

The Committee is concerned that the Soviet Union is continuing to build up its strategic nuclear forces at a rapid rate while the Strategic Arms Limitations Talks are underway. The Committee believes that it would be prudent to make a more adequate response to the continued Soviet build up which would put the United States in a better position to proceed expeditiously with the enhancement of strategic nuclear forces in the event of a failure to reach a SALT agreement. Therefore, certain contingencies have been identified which would provide for increases in United States strategic forces over and above the amounts in the budget in a total amount of some $600,000,000. For example, the Committee feels that consideration should be given to the continuation of the Minuteman III production line, the initiation of production of the MK 12A reentry vehicle, the acceleration of the MX Advanced Intercontinental Ballistic Missile development effort, and more adequate funding of the B–1 strategic manned bomber program.

The Committee's considerations also include provision for continuing the operation of military commissaries at the presently prevailing surcharge rate.

There are indications that Congress may maintain the present strength levels of the National Guard and Reserve Components. In addition, Congress may reject the budget proposals to transfer a number of Reservists from pay group category A to pay group category B and the reduction of administrative pay. Thus, additional funds would be needed to accomplish these purposes.

The Committee has identified additional contingencies in which consideration might be given to certain downward adjustments in the budget requests. Such reductions could include rejection of the Administration's proposal to create a stock fund surcharge. The Congress may also wish to effect some reductions in the real growth projected in funding for the procurement of communications equipment. Incremental funding of the cost growth and escalation requirements in prior year's shipbuilding programs could be implemented and consideration could then be given to the deletion of funds not required for obligation in fiscal year 1977.

It is possible that procurement of Airborne Warning and Control Aircraft (AWACS) could prudently be held to three aircraft in fiscal year 1977 instead of six aircraft as proposed in the budget. In view of the recently announced reorganization of the intelligence community and the anticipation of savings which should result from this reorganization, some reductions might be possible in the budget for the intelligence community.

Overall, these contingencies—both plusses and minuses—would represent a reduction of $930,000,000 in budget authority and $160,600,000 in outlays in comparison to the budget estimates.

The Committee has also noted various proposals included in the Defense budget which require the enactment of specific legislation by the Congress. The most important item in this category in dollar amounts involves the level of pay raises to be granted Federal civilian and military employees. The budget is projected on the basis of pay raises of 4.7 percent for general schedule and military personnel and 3.4 percent for civilian wage board employees. If Congress provides larger pay raises, then additional funds would be required.

MILITARY CONSTRUCTION

The military construction appropriation request for fiscal year 1977 represents a reduction of $118 million in new budget authority below that provided in fiscal year 1976 and an increase in outlays of $60 million over that presently estimated for fiscal year 1976.

This year the budget proposes heavy investments for special emphasis programs. There is, consequently, a relatively small allowance for the normal types of projects required to meet the services' long-range facilities deficits, presently estimated at $22.6 billion. Of the $2,237,300,000 requested for construction, including family housing construction for the active services and Defense agencies, large amounts are to be applied to special programs such as the aeropropulsion systems test facility (ASTF), $437 million; Trident support facilities, $140.5 million; energy conserving facilities modifications, $159.4 million; pollution abatement, $180.7 million; nuclear weapons security, $110.4 million; NATO infrastructure, $76 million; and $180.3 million for planning, minor construction and minor land acquisition, and defense access roads.

Although the fiscal year 1977 military construction request is close in total to last year's approved program, it is changed in content. The major increases from last year have been in the special emphasis projects at the expense of more ordinary items. The aeropropulsion systems test facility is a major investment to provide greatly increased test capability for jet engines. It is a national project and has been carefully coordinated between the military, NASA, and other Government agencies. If proven to be required and fully funded in fiscal year 1977, it will have caused a one-time distortion in the remainder of the program. If not approved, it will represent a significant 13 percent decrease to the fiscal year 1977 request. In addition to the $437 million increase for ASTF, programs for energy conservation, nuclear weapons security, and family housing operations and maintenance have increased by over $150 million. These program increases from last year's levels are necessary but provide few new facilities to support or house the military services. In the fiscal year 1977 request there is an allowance made to reflect the impact of a 9 percent inflation rate on the military construction program. For construction, this amounts to an increase of $197 million. However, this has had to be absorbed in a lower overall program level. Thus the actual decrease in the usual military construction program is over $800 million if the effect of inflation and increases in unusual projects are considered. In short, the fiscal year 1977 military construction request is very tight.

As indicated last year, the amounts budgeted for family housing operation and maintenance are insufficient. An additional $25 million was added by the Congress in this area last year, but even with this addition, the backlog of essential family housing maintenance is expected to increase by $20 million during fiscal year 1976. The fiscal year 1977 request is inadequate to prevent further growth in this maintenance backlog. Hopefully, funds can be added this year. Since these operation and maintenance funds are largely expended during the fiscal year, any additions in appropriations would cause similar increases in outlays.

Outlays for fiscal year 1977, as projected in the budget, may be somewhat understated. Outlays for military construction are calculated based upon historic rates of expenditure applied to approved program levels. In past years, the Air Force has been able to award its program reasonably promptly. The Army and Navy have made real progress in the past year in reducing the time lag between approval of projects by the Congress and the award of their projects. This accelerates the rate of expenditure. In additon, increased program levels in fiscal year 1977 for energy conservation projects, which are often relatively small projects of short duration, should further accelerate the normal rate of outlays. Thus, it is possible that budget projections for military construction expenditures for fiscal year 1977 may be low, particularly in the early months of the fiscal year. It is difficult to predict by how much, but the order of magnitude could be up to $100 million. In view of the low levels of employment in the construction industry at the present time, it is probably desirable that outlays be more rapid than predicted. In any case, because so few construction expenditures occur during the program year, there is very little action that the Congress can take upon the fiscal year 1977 request which will cause any significant effect on outlays during fiscal year 1977. The principal exception would be changing the level of family housing operations and maintenance appropriations levels significantly.

In view of indicated deficiencies a minimum prudent estimate of $3,467,000,000 Budget Authority is recommended for the Military Construction element in the 1st Concurrent Budget Resolution. As indicated above the budget estimated outlays of $3,197,000,000 may be too low.

It should be emphasized that the budgeted appropriation level will result in a further deterioration in the condition of the Department of Defense real property account which will have to be addressed in the near future. The obvious needs are such that we cannot afford a reduction in this year's Military Construction appropriation below the recommended amounts.

FOREIGN MILITARY ASSISTANCE

For 1977 the budget requests $1.1 billion for military assistance. This is a reduction of $340.5 million compared to the 1976 level and is accounted for mainly by a reduction of some $500 million compared to what was requested for Israel in 1976. A discussion of this program appears under the International Affairs function.

SELECTIVE SERVICE SYSTEM

The 1977 budget request for the Selective Service System is $6,800,000, a reduction of $30,700,000 below the 1976 level. This is a result of the Administration's converting the system to a "deep standby" posture eliminating any registration function, all state headquarters, local boards, and the appeal board structure.

It may be possible that more is needed than a "deep standby" posture if the nation is to maintain its defense manpower readiness. If, at a minimum, annual registration was maintained, this would add approximately $12 million to funding requirements for this program.

NUCLEAR WEAPONS

The budget for the Energy Research and Development Administration for 1977 proposed an increase over 1976 of some $352 million in budget authority for the National Security Program. Of this increase $203 million is for weapons development and production, the remainder for materials production and waste management. The proposed increase for weapons includes a $97 million increase in production and surveillance to produce fewer items than programmed in 1976. Realizing that there are certain fixed costs inherent in any production complex and that the cost of living increase should be provided to maintain the facilities, a reduction is nonetheless in order. A possible contingency reduction of $25 million in budget authority and $18 million in outlays has been identified. Funds should be included to maintain the research and development capability developed by ERDA and to maintain the facilities at a high level.

13

International Affairs

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays		
		From new current	From prior year balances	Total
Appropriation request:				
Requiring authorization	3,242,275	1,767,395		1,767,395
Not requiring authorization	3,074,797	1,845,223	2,426,562	4,271,785
Subtotal	6,317,072	3,612,618	2,426,562	6,039,180
Proposed legislation and rescissions	531,667	9,000	10,600	19,600
Subtotal, appropriation requests	6,848,739	3,621,618	2,437,162	6,058,780
Permanent, trust funds, and other backdoor authority	3,431,953	60,269	1,318,852	1,379,121
Offsetting receipts	−614,304			−614,304
President's budget request	9,666,388			6,823,597

Functional Description

This function is concerned with the establishment and maintenance of peaceful relations, commerce, travel, and development between the United States and the remainder of the world. It includes the conduct of foreign affairs, membership in international organizations, foreign information and exchange activities, economic assistance programs, and grant and loan programs designed to foster foreign commerce.

These activities are carried out through the Agency for International Development, the Departments of State, Agriculture, Transportation, and independent agencies, including ACTION (Peace Corps), the United States Information Agency, the Export-Import Bank, the Arms Control and Disarmament Agency, and the International Trade Commission.

Committee Views

FOREIGN AID

With more than eight months of the current fiscal year having elapsed, a major portion of the required fiscal year 1976 authorizing legislation for the foreign assistance program still has not been enacted into law. Consequently, there is no appropriation act for the fiscal year which ends on June 30 although the bill passed the House on March 4. Authorization for large portions of the fiscal year 1977 program is not even in sight. It is therefore especially difficult for the Committee to forecast at this time what level of funding might properly obtain for fiscal year 1977.

The foreign aid budget for fiscal 1977 is some $700 million below the level requested by the President for fiscal year 1976. This is accounted for mainly by the reduction of some $500 million for Israel.

Historically, Congress has made significant cuts in the foreign aid programs below amounts requested by the President. However, the complexion of the foreign aid budget is somewhat different than in former years.

Committee action on the fiscal 1976 Foreign Aid bill resulted in a net reduction of $775 million. The fiscal 1975 bill enacted early last year was cut some $2.3 billion in budget authority. The fiscal 1974 budget was cut by over $1 billion; fiscal 1973, by $1.5 billion.

In view of the President's request which is $700 million below the 1976 request and in view of the fact that a large portion of the 1977 request—some $2.3 billion—is associated with peace in the Middle East, it may not be accurate to assume that cuts can be made in the foreign assistance budget of the size made in recent years. If Congress continues to support the Middle East peace settlement and continues to support the development assistance initiatives it helped to establish, the amount of future reductions will probably decline because a large portion of the funds requested in fiscal year 1977 are programed for these areas. The Committee notices some areas in the fiscal year 1977 budget where requests have been increased over fiscal year 1976 which could possibly result in reductions after detailed hearings are conducted. Certainly the Committee will examine the President's foreign aid proposals critically. It is also possible that the Congress may not decrease the amount of military assistance available by the amount contained in the 1977 budget, especially as it relates to Israel. If this happens, then additional funds will have to be made available.

General Science, Space, and Technology

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays		
		From new current	From prior year balances	Total
Appropriation request:				
Requiring authorization	4,615,750	2,858,685		2,858,685
Not requiring authorization	1,900	1,900	1,645,517	1,647,417
Subtotal, appropriation requests	4,617,650	2,860,585	1,645,517	4,506,102
Permanent, trust funds, and other backdoor authority	3,155	1,052	2,111	3,163
Offsetting receipts	−2,378			−2,378
President's budget request	4,618,427			4,506,887

Functional Description

This function includes science and research activities of the Federal Government where the goal is man's general advancement of knowledge. In addition, research programs that have diverse goals and cannot readily be classified into one specific function are also placed here to avoid detailed splitting of accounts.

Included in this function are general scientific research programs that are not an integral part of the programs conducted under another function. This includes space research and technology, except aeronautical technology of NASA; research conducted by the National Science Foundation; and the broad-based scientific activities of the Energy Research and Development Administration.

Research programs that are an integral part of the achievement of other major functions—e.g., health, national defense, energy—are excluded from this function. Only if a research program cannot readily be included in other functions is it classified in this function.

Committee Views

The National Aeronautics and Space Administration and the National Science Foundation make up the largest share of the General Science, Space, and Technology function of the budget. The request for NASA in 1977 is $3,697,000,000. This is an increase of $141,992,000 above 1976, including a pending supplemental request. The additional funds are committed to the second peak year funding for the space shuttle and inflationary costs.

The National Science Foundation is requesting $802 million in fiscal year 1977, an increase of $88 million over fiscal year 1976. The Committee expects that some of the additional resources requested in the 1977 budget may be appropriated to NASA for work in energy research, new aeronautical facilities, and application satellites.

68-249 O - 76 - 6

Natural Resources, Environment, and Energy

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays		
		From new current	From prior year balances	Total
Appropriation request:				
Requiring authorization	5,261,285	2,536,752		2,536,752
Not requiring authorization	5,911,233	4,133,428	7,837,936	11,971,364
Subtotal	11,172,518	6,670,180	7,837,936	14,508,116
Proposed legislation and rescissions	462,356	256,342	102,110	358,452
Subtotal, appropriation requests	11,634,874	6,926,522	7,940,046	14,866,568
Permanent, trust funds, and other backdoor authority	−287,805	−579,628	1,130,007	550,379
Offsetting receipts	−1,644,593			−1,644,593
President's budget request	9,702,476			13,772,354

Functional Description

This function includes those programs whose primary purpose is to develop, manage, and maintain the Nation's natural resources and environment or to promote the conservation and development of energy resources. It encompasses development and management of water resources and power; protection and enhancement of environmental quality; development and maintenance of recreational resources; promotion of the prudent use of forest and mineral resources; nondefense research and applications of nuclear power, fossil fuels, and other energy sources; other energy programs such as fuel allocation and energy conservation programs; the fostering of conservation practices on both public and private lands; and the management of the public domain.

Agencies that carry out these activities include the Corps of Engineers, the Departments of Agriculture, Interior, and Commerce, the Energy Research and Development Administration, the Environmental Protection Agency, the Federal Power Commission, the Federal Energy Administration, the Nuclear Regulatory Commission and the Tennessee Valley Authority.

Excluded from this function are urban water supply programs, basic sewer systems, and waste treatment plants that are an integral part of a Federal facility (such as a military installation) unless they are an integral part of an environmental protection program and are specifically funded as environmental protection.

Committee Views

PUBLIC WORKS PROJECTS

In the judgment of the Committee, the budget for water resource development for fiscal 1977 is totally inadequate. The budget includes no new construction starts and most ongoing projects are not adequately funded. Even power related projects are funded at the minimum amount to meet power delivery dates previously established. No attempt is made to keep projects on schedule notwithstanding inflation rates which are increasing costs substantially each year.

Without new starts, no new benefits will be forthcoming to help meet the Nation's water resource needs. The Committee, which is experienced and knowledgeable in this area, is of the opinion that additional survey starts, as well as construction and design starts, are essential to provide benefits in the public interest.

Further, the Administration has diverted funds appropriated by the Congress to the Corps of Engineers for project construction work to emergency flood control work. While the utilization of funds to meet emergency flood control problems is authorized, funds so utilized are to be replenished through annual and supplemental budget requests. Currently, $65,000,000 is needed to replenish the emergency fund and repay the funds borrowed from other accounts to provide for emergency work because of various floods that have occurred. No funds are requested either in the budget for 1977 or to date in a supplemental 1976 request to restore the funds already used for this purpose. In effect this amounts to unauthorized impoundment by the Administration.

In view of the prevailing situation in the budget for such public works projects the Committee has identified a contingency under this functional category of $515 million in budget authority and $430 million in outlays in fiscal year 1977.

ENVIRONMENTAL PROTECTION AGENCY

The 1977 budget request for the Environmental Protection Agency is $718,192,000, a decrease of $53,328,000 below the 1976 level. Of this decrease, $38 million occurs in assistance to areawide water quality management planning agencies funded under Section 208 of the Federal Water Pollution Control Act. The bulk of the remainder of the decrease arises from $15 million appropriated in 1976 for the Clean Lakes Program which is not carried forward into 1977. The budget also proposes decreases in both water and air control agency grants to the States.

With respect to the planning grants program, a lawsuit is pending against EPA which seeks to release $137 million of funds previously authorized as "backdoor" spending, but not used by EPA. Depending on the outcome of that suit, it is expected that a total of from $20 to $60 million in additional funding for EPA may be necessary in 1977.

The budget also includes $4,100,000,000 to liquidate contract authority under construction grants in fiscal year 1977. Early analysis of this estimate suggests that it could be from $200 to $300 million high, but this does not produce an actual saving in outlays. The overage in the estimate for 1977 will be offset by the anticipated supplemental of approximately $300 million in fiscal year 1976.

NEW URANIUM ENRICHMENT

It is essential that additional uranium enrichment capacity be provided for power reactor fuel in the mid-1980's.

The Joint Committee on Atomic Energy (JCAE) is presently reviewing the Administration proposal to allow private industry to provide the next increment of uranium enrichment using the gaseous diffusion process, and at a later date, using the centrifuge process. The JCAE is also considering allowing ERDA to provide the next in-

crement of uranium enrichment rather than private industry. This would be done through the so-called "Hedge Plan."

The "Hedge Plan" includes a concept for design, advanced procurement, and preparation for construction of an 8.75 million SWU/year add-on gaseous diffusion plant by ERDA. The total estimated cost of this add-on plant is in the range of $2.8 billion.

The budget identifies a proposed supplemental request of $6 million in FY 1976 and $35.0 million in the Transition Quarter for the "Hedge Plan." The final submission of a 1976 supplemental and a 1977 amendment will depend on the outcome of detailed analysis of the requirements for the back-up plan.

Because of the problems in constructing such a plant and the magnitude of the total commitment in the range of $8 billion required if the private companies were to enter the gaseous diffusion process, the Committee believes that the Federal Government should provide the next increment of uranium enrichment capacity. Accordingly, the Committee has identified a contingency for this purpose of $236 million in budget authority and $100 million in outlays for fiscal year 1977.

SALE OF ENRICHED URANIUM

The Energy Research and Development Administration is permitted by law to use the proceeds from the sale of enrichment uranium thereby reducing appropriation requests. The Committee on Appropriations plans to consider a limitation in the bill on the amount ERDA may use from proceeds collected in 1977. Proposed legislation would increase the sale price of this product to a more realistic level. Should this transpire, both budget authority and outlays might be reduced in the range of $90 million in fiscal 1977.

NONNUCLEAR ENERGY

Although the budget reflects increases in non-nuclear energy research, development and demonstration programs, they are relatively small compared to the levels provided in fiscal 1976 authorizing legislation. Because Congressional action in this area occurred late in calendar year 1975, appropriations for fiscal year 1976 were held to amounts that could be utilized properly during the balance of the fiscal year. This year Congressional action should be complete before the new fiscal year begins. The Committee believes that energy research, development and demonstration is vital if the United States is to continue its long-range economic growth. Efforts should be accelerated within the framework of well conceived and wisely managed programs in the area of solar and geothermal and possibly fusion programs, offset by modest deductions in other programs. Therefore the Committee has identified contingencies to be added to the budget in fiscal 1977 for these purposes in the net amounts of $94 million in budget authority and $72 million in outlays.

PROTECTION OF LAND FOR FOOD PRODUCTION

The Committee has always considered it vital that the nation's irreplaceable land and water resources be conserved and notes that the tillage of additional areas to increase food production in recent years

has already revealed evidence of wind and water erosion. The Committee is convinced that adequate watershed and flood prevention operations must be maintained and believes that the proposed termination or massive reduction in such essential activities as the Agricultural Conservation Program, the Forestry Incentives Program and the Water Bank Program will be reversed by the Congress. Accordingly, the Committee has identified contingencies in the 1977 budget for such purposes in the amount of $285 million in budget authority and $80 million in outlays.

OTHER CONTINGENCIES

Within this functional category, the Committee also identifies other contingencies aggregating $1.783 billion in budget authority and $1.435 billion in outlays in fiscal 1977. By far, the largest portion of this contingency, $1.1 billion, is associated with the Energy Policy and Conservation Act. Although the budget does not include funds for this purpose, it indicates that a fiscal year 1976 supplemental and 1977 amendment will be transmitted when the requirements for implementing the Act are known.

Also included in the above contingency are funds for firefighting costs, which usually have not been provided in the annual budget. The Committee believes it necessary to provide for firefighting costs for the Forest Service, the Bureau of Land Management, and the Bureau of Indian Affairs at the average rate of prior years.

In addition to the need to accelerate work in energy conservation and for development of fossil fuel plants to the demonstration phase under programs of the Energy Research and Development Administration, the Committee has identified contingencies for increased emphasis on reforestation, forest management, and range management for the Bureau of Land Management and Forest Service; cooperative programs in the Forest Service; construction programs including roads for the Fish and Wildlife Service, National Park Service, Bureau of Land Management, and Forest Service; acquisition of land for park, recreation and wildlife protection; historic preservation; and high-priority natural resource programs of the Geological Survey and the Bureau of Mines; the Youth Conservation Corps program: and for the implementation of the coal leasing program recently announced by the Secretary of the Interior.

There are additional contingencies, for which funds are not reflected in the above figures, associated with proposed legislation for the regulation of surface mining activities, increasing the authorization for the Land and Water Conservation Fund, amending the Outer-Continental Shelf Lands Act, the Organic Act for the Bureau of Land Management, and amending the Coastal Zone Management Act.

OUTER CONTINENTAL SHELF RECEIPTS

A careful review is suggested of the budget estimate of funds to be derived from the Outer Continental Shelf leasing program. The budget estimates $6 billion for fiscal year 1977. Last year the budget originally estimated $8 billion for fiscal year 1976. It now estimates $3 billion, and this number may be slightly high even now.

An examination of the leasing schedule proposed in the budget raises numerous questions. Already this year since the budget was submitted the Administration has reduced by 40 percent the amount of acreage it plans to offer for lease in the Gulf of Alaska, partially in order to meet environmental objections. This will likely affect subsequent leases of Alaska acreage scheduled for fiscal year 1977. Similarly, leases in the other major frontier area, the Mid and North Atlantic, are likely to face environmental problems that could easily result in delays and reductions in acreage that might postpone some leases until 1978. Additionally, a recent sale in the Gulf of Mexico, a proven oil and gas area, resulted in bidding considerably below what had originally been predicted. It seems reasonable to predict environmental delays will continue, acreage may be reduced and that bidding will remain lower than estimated because of these factors.

It also seems somewhat unrealistic to expect that the oil and gas industry will invest sums in the magnitude of $6 billion as long as federal policy toward oil and gas is unresolved and while economic incentives of this industry are being revised.

However, while certain lease sales now being scheduled during fiscal year 1977 are likely to be delayed, some of the sales that had been scheduled for fiscal year 1976 may slip into the transition period or possibly fiscal year 1977.

When all these considerations are added together, it seems more accurate to estimate that receipts from this source will amount to three to five billion dollars, a reduction of one to three billion dollars from the budget estimate.

In addition, the budget estimates do not incorporate budget authority and outlays resulting from enactment of legislation amending the Outer Continental Shelf Lands Act. Legislation has passed the Senate and is currently being considered by the House Ad Hoc Select Committee on Outer Continental Shelf Leasing. In addition, the budget does not incorporate amendments being considered to the Coastal Zone Management Act providing assistance to states for dealing with the impact of energy facilities. Both of these pieces of legislation, if passed, would result in additional funds being required.

Agriculture

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays: From new current	Fiscal year 1977 outlays: From prior year balances	Fiscal year 1977 outlays: Total
Appropriation request:				
Requiring authorization	350	350		350
Not requiring authorization	2,217,967	2,109,783	−413,025	1,696,758
Subtotal, appropriation requests	2,218,317	2,110,133	−413,025	1,697,108
Permanent, trust funds, and other backdoor authority	96,471	89,979	−5,329	84,650
Offsetting receipts	−52,717			−52,717
President's budget request	2,262,071			1,729,041

Functional Summary

This function includes those programs that promote the economic stability of agriculture and the capability to maintain and increase agricultural production. These are carried out through farm income stabilization activities that maintain agricultural markets, regulation of agricultural markets and practices, inspection of argricultural products, and losses from the disposal of surplus commodities. It also includes programs that provide research and technical, economic, and market information services to farmers, processors, distributors and consumers.

The function does not include programs which, though related to rural development, are not directly related to agriculture. Examples are rural environmental and conservation programs which are under the natural resources function.

Committee Views

The Congressional Budget Control Act was largely predicated upon the intent to establish a vehicle for better Congressional priority-setting. To a great degree, the success of the new budget process is dependent upon how wisely Congress determines priorities and how effectively it provides for their implementation.

The nation's agricultural policies must plan for the long-range good. Maximum production of food and fiber crops must be continued in order to meet the ever-increasing demand. Consumption is dependent on production. Productive research must be emphasized not only to reduce the loss of production through plant disease and insects, but also to obtain increased production through the introduction of new strains and improved techniques.

Further, export markets must be maintained and increased not only to assist in fulfilling the requirement for food in other parts of the world but also to provide ready markets for production in excess of our needs. This will maintain a viable agricultural economy. Agriculture is the major dollar earner for the United States in world markets. Agricultural exports in 1974 exceeded $21 billion and without the ability to market this asset our nation would be in an untenable position from the standpoint of international balance of trade and balance of payments.

In addition to the contingencies identified elsewhere in this report relating to the conservation of land and water resources and the development of rural America under the Natural Resources and Community and Regional Development functions, the Committee identifies contingencies in the budget of $26 million in budget authority and $25 million in outlays. These contingencies are associated with the relatively small but important program terminations and reductions throughout this portion of the budget, many applicable to agricultural research.

Commerce and Transportation

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays		
		From new current	From prior year balances	Total
Appropriation request:				
Requiring authorization	2,640,946	2,100,302		2,100,302
Not requiring authorization	5,862,488	4,938,175	10,320,214	15,258,389
Subtotal	8,503,434	7,038,477	10,320,214	17,358,691
Supplemental	1,400,000	540,000		540,000
Proposed legislation and rescissions	−4,632	−4,632	−21,000	−25,632
Subtotal, appropriation requests	9,898,802	7,573,845	10,299,214	17,873,059
Permanent, trust funds, and other backdoor authority	8,136,738	242,965	−1,507,547	−1,264,582
Offsetting receipts	−110,653			−110,653
President's budget request	17,924,887			16,497,824

Function Description

The function includes the promotion and regulation of commerce and transportation. Commerce includes collection and dissemination of social and economic data unless this is an integral part of another major function (such as health); mortgage credit and thrift insurance, and loans, subsidies, insurance, and regulation of business unless these are an integral part of another function; and the subsidy to the Postal Service. Agencies involved in this function include Commerce, Agriculture, Housing and Urban Development, the Small Business Administration, the Securities and Exchange Commission, and the Postal Service.

Transportation includes all programs with the primary aim of providing for the transportation of the general public and/or their property, regardless of whether local or national and regardless of the particular mode of transportation. It includes the construction of facilities; purchase of equipment; research, testing, and evaluation; provision of communications directly related to transportation (for example, air traffic control by the FAA); and operating subsidies for transportation. Transportation includes regulatory activities directed specifically toward the transportation industry rather than toward general commerce. In addition to the Department of Transportation these programs are carried out by the Maritime Administration, the U.S. Railway Association, and NASA.

Excluded from this function are the provision of foreign economic assistance which may take the course of assisting transportation facilities or programs abroad; the construction of roads, trails, etc. as an integral part of the operation of public lands, parks, forests, or military reservations, unless they are specifically funded as a part of a broader transportation program; the construction of roads or other transportation facilities as an integral part of a broad community facility or regional development program where the clear intent of the program is regional development and the provision of transportation facilities is only an incidental by-product or means to attain the objective of regional development.

Committee Views

HOUSING CREDIT PROGRAMS

There are major contingencies associated with two housing credit programs of the Department of Housing and Urban Development under this function. The most costly of these is the Emergency Housing Act of 1975 which authorized $10 billion for emergency mortgage purchase assistance. Last year an appropriation of $5 billion was provided against the total authorization. The balance of the authorization expires under the law on June 30, 1976. However, it is expected that this authority will be extended and that up to an additional $5 billion of borrowing authority under this program may be made available.

Additionally, the Committee has noted the backlog of applications in the Section 202—Housing for the Elderly or Handicapped program. This is one of the programs discussed earlier in this report under the heading "Off-Budget Agencies." It is discussed here because of the potential impact on the public debt. Under this program, a loan level of $375 million was provided for 1976 and the transition quarter. An additional $375 million increase in the lending level is proposed for 1977. Based on this budget request, the unused balance of borrowing authority available under this program at the end of 1977 will be approximately $190 million. However, the Department currently has applications for 230,000 Section 202 units. At approximately $25,000 per unit, an additional loan ceiling of $5.7 billion would be required to satisfy this demand. It is expected that there will be substantial pressure to increase the loan ceiling above the budget request of $375 million. That increase could range between $150 million and $1 billion, having an impact on the national debt level.

With respect to loan programs of the Farmers Home Administration, the Committee is concerned with the terminations and retrenchments in programs involving rural America. The Committee and the Congress have repeatedly provided needed assistance for rural areas and has rejected rescissions and deferrals for programs in this area of the budget proposed by the Administration. The Committee therefore identifies a contingency in rural housing programs of some $17 million in budget authority and $23 million in outlays in fiscal 1977.

TRANSPORTATION PROGRAMS

Based on previous Congressional action, pending legislation, and the nature of the fiscal 1977 budget, there are a number of contingencies in the transportation area which could add $721 million in budget authority and $848 million in outlays to the budget.

The Congress has, for the past three years, prohibited the imposition by the Department of Transportation of new administrative user charges. This budget assumes the deletion of this prohibition and the collection of $44 million of such charges, which would be used as an offset against outlays. If the Congress does not agree to the Administration's proposal to delete this language, there would be a net outlay impact of about $44 million.

Both the House and Senate have passed legislation establishing a 200-nautical mile economic zone. The Committee believes the final en-

actment of this legislation could result in additional requirements for the Coast Guard amounting to approximately $80 million, assuming the legislation will be effective for about 6 months during fiscal year 1977. However, if the effective date for this legislation is July 1, 1976, as is specified in the House passed bill, further additional funding will probably be required.

The pending Federal-Aid Highway Act of 1975 (H.R. 8235) includes a number of programs, which, if authorized, will require direct appropriation funding in fiscal year 1977. In addition, there are certain other highway projects such as access highways to public recreation areas on certain lakes and the overseas highway, which Congress has funded in previous years, that are not included in the budget. Funding of some of these programs could result in additional appropriations of about $75 million.

There are also a number of programs authorized by the Railroad Revitalization and Regulatory Reform Act of 1976 (P.L. 94–210) for which the Administration is considering submitting additional requests for budget authority. These programs include the Railroad Rehabilitation and Improvement Fund, rail service assistance, additional grants to the National Railroad Passenger Corporation (Amtrak) and certain studies authorized by Public Law 94–210. In addition, the budget does not contain sufficient funds to maintain the current level of service which is being provided by Amtrak. If the Congress chooses to fund these programs, the Committee believes an additional $508 million could be required.

In the area of mass transportation the Railroad Revitalization and Regulatory Reform Act authorized a multi-year subsidy program for commuter rail transportation. The funding of this program could lead to an additional appropriation of $55 million in fiscal year 1977. In addition, the budget proposes to limit to 50 percent the amount of grants, authorized under Section 5 of the Urban Mass Transportation Act of 1964, as amended, which can be used for operating assistance. Testimony received by the Committee indicates that 94 percent of these grants are currently being used for operating assistance and 6 percent are being used for capital projects. Under the Administration's proposal there would be no impact on budget authority, but less outlays would be required in fiscal year 1977, because more funds would be used for capital projects which have a relatively low outlay to obligation ratio. If the Congress does not agree to the Administration's requested provision, there would be an additional outlay impact of about $250 million.

The President's budget also proposes that limitations be included in the appropriation legislation for Federal-aid highways and airport development grants. Since both of these programs involve trust funds and are funded with contract authority provided in the authorizing legislation, the Committee recognizes that other Congressional Committees are responsible for providing the obligational authority for these programs. The Committee, however, feels that, based on the actions taken to date by the Congress, the limitations proposed in the President's Budget are not adequate to continue these programs at the levels the Congress might enact.

POSTAL SERVICE

The budget excludes the amount required in fiscal 1977 to finance the extended phasing authorized by P.L. 93–328. Since Congress appropriated funds last year to finance extended phasing, and the lower rates were put into effect, mailers have been given every reason to assume that they will continue to have the time provided by law to adjust their prices and business practices to compensate for the payment of full postage rates. If Congress does not appropriate the full amount required for this purpose in fiscal 1977, the Postal Service will have to charge the affected mailers the full rates. The impact of a failure to make this appropriation would be severe. For example, regular second-class rates could go up almost 70 percent. Therefore, the Committee has identified a requirement of $307 million representing the cost of full funding for this program for fiscal year 1977.

SMALL BUSINESS ADMINISTRATION

Because of the relatively slow pace of the general economic recovery and other reasons, the Committee feels that an additional allowance in the range of $150 million should be provided for the Small Business Administration, primarily for the direct loan program.

Community and Regional Development

RECAPITULATION OF PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays: From new current	Fiscal year 1977 outlays: From prior year balances	Fiscal year 1977 outlays: Total
Appropriation request:				
Requiring authorization	339,743	71,718		71,718
Not requiring authorization	5,284,722	1,414,393	4,096,339	5,510,732
Subtotal	5,624,465	1,486,111	4,096,339	5,582,450
Proposed legislation and rescissions	11,450	3,639	−37,677	−34,038
Subtotal, appropriation requests	5,635,915	1,489,750	4,058,662	5,548,412
Permanent, trust funds, and other backdoor authority	500,462	58,304	242,874	301,178
Offsetting receipts	−317,679			−317,679
President's budget request	5,818,698			5,531,911

Functional Description

This function consists of broad-based community and regional development programs and programs concerned with urban and rural renewal for the preservation and revitalization of communities and regions. It includes water supply and sewer systems (except those specifically funded as environmental protection programs), urban renewal programs, regional economic development programs, broad-based public facility construction programs, and rehabilitation of public facilities in the event of natural disasters. Agencies which administer these programs include the Farmers' Home Administration, the Economic Development Administration, the Bureau of Indian Affairs, the Community Services Administration, the Appalachian Regional Commission, the Small Business Administration, and the Department of Housing and Urban Development.

Committee Views

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

There are two major contingencies in the budget for programs administered by the Department of Housing and Urban Development in this functional category which could increase budget authority in 1977 by $75 million.

The 1976 appropriation bill provided $75 million for comprehensive planning grants. The request for fiscal year 1977 is $25 million. There is no authorization available for 1977. However, it is reasonable to expect that from $25 to $50 million of additional funds may be necessary for this program.

Last year $50 million in new loan authority was provided for the rehabilitation loan program. Taken together with carryover balances from prior years and loan repayments, approximately $120 million of rehabilitation loan funds are available in 1976 and the transition period. The Administration proposed rescinding $62,670,000 of this

amount. The rescission was denied. Depending on what level is carried into 1977, an additional $25 to $100 million may be required for this program.

For the Section 802 State Housing Finance and Development Agencies program, the Congress last year provided $15 million in annual contract authority and $600 million in budget authority. The President requested a rescission of the entire amount but it was denied and the funds were made available on February 23, 1976.

The 1977 budget requests no additional funds for the Section 802 program. An additional $95 million in annual contract authority and $3,800,000,000 in budget authority remains authorized but unappropriated. If the Department's proposed co-insurance program is only partially effective, and if selected state housing agencies continue to experience difficulty in marketing securities, additional resources may need to be provided for this activity.

ECONOMIC DEVELOPMENT ASSISTANCE

The request for the Economic Development Administration and the Regional Action Planning Commissions in the Department of Commerce is $291,064,000. This represents a total reduction for the regular, ongoing EDA programs and the Regional Commissions of $158,382,000 from appropriations for these programs in FY 1976. The Committee is of the opinion that an additional amount in the range of $160 million may be required for the regular EDA programs and the Regional Commissions.

RURAL DEVELOPMENT

The Committee is convinced that more concentrated and productive efforts to achieve rural development will not only be helpful in the rejuvenation of rural areas but will ameliorate the social problems generated in our urban areas as a result of rural migration to the cities. And yet, one of the most apparent policy thrusts of the President's proposed fiscal year 1977 budget relates to massive terminations of programs dealing with conservation, rural development and rural housing. To fail to adequately fund these programs, as the budget proposes, would continue to result in inequitable treatment for rural people. The result will be more and more needy and indigent people moving into overcrowded cities, so as to have housing benefits, further aggravating and increasing problems such cities now have. Accordingly, the Committee believes that a contingency exists for these programs, including the rural water and waste disposal grant program, in the range of $166 million in budget authority and $54 million in outlays for fiscal 1977.

COMMUNITY SERVICES ADMINISTRATION

The budget for the Community Services Administration for 1977 is some $160 million below funds actually appropriated for 1976. Additionally, it is estimated that $20 million will be required for this summer's youth recreation programs. Thus it is likely that a total of some $180 million will be required for 1977 if the present level of programs is to be maintained.

OTHER PROGRAMS

The Committee also believes there is a further contingency in this functional category, amounting to about $37 million in budget authority and $30 million in outlays reflecting the need for additional high-priority construction projects for the Bureau of Indian Affairs, additional funding for the Pennsylvania Avenue Development Corporation, and the outlay affect resulting from the denial of a proposed rescission for school construction in the Bureau of Indian Affairs. Further, the Committee believes additional funds are required for the Joint Federal-State Land Use Planning Commission for Alaska which was extended in legislation recently enacted. The President's budget for the Commission was based on the assumption that it would be phased out in FY 1977.

Education, Training, Employment, and Social Services

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays: From new current	Fiscal year 1977 outlays: From prior year balances	Fiscal year 1977 outlays: Total
Appropriation request:				
Requiring authorization	2,905,251	1,170,624		1,170,624
Not requiring authorization	11,442,612	5,987,286	9,494,099	15,481,385
Subtotal	14,347,863	7,157,910	9,494,099	16,652,009
Supplementals	400,000	400,000		400,000
Proposed legislation and rescissions	727,432	−29,823	−847,963	−877,786
Subtotal, appropriation requests	15,475,295	7,528,087	8,646,136	16,174,223
Permanent, trust funds, and other backdoor authority	515,906	479,134	9,958	489,092
Offsetting receipts	−48,168			−48,168
President's budget request	15,943,033			16,615,147

Functional Description

This function includes programs designed to promote the general extension of knowledge and skills and/or to assist individuals to become self-supporting members of society. It includes the elementary, secondary, and vocational education and higher education programs; manpower training programs; and grants to States for social services and rehabilitation services. It includes the provision of education or training services, income support directly related to training or education, child care, and general social services provided to individuals and families. It includes cash payments (scholarships, loans, or stipends) to persons when such payments are provided to enable a person to participate in education or training programs. It also includes research directly related to the provision of said services.

These programs are administered largely by the Department of Health, Education, and Welfare, the Department of Labor, and the Bureau of Indian Affairs.

The provision of social services—child care, employment counselling, and vocational rehabilitation—are included in this function unless they are restricted to, and are an integral part of, another function.

The function excludes education or training undertaken as an integral part of the achievement of another functional end (such as training of military personnel; veterans education, training, and rehabilitation; or training of health research workers in a health program) and also excludes general purposes scientific research.

COMMITTEE VIEWS

Before dealing with the 1977 budget estimates, it is necessary to discuss the relationship of the President's 1976 budget estimates to the amounts which have been and are likely to be appropriated for fiscal year 1976. The President's 1977 budget for Labor-HEW programs, most of which are included in this function, the health function, or the income security function, is based upon 1976 budget authority levels which are considerably lower than the amounts which have actually been, or will be, appropriated. The budget assumed that the veto of

the 1976 Labor-HEW Appropriation Bill (H.R. 8069) would be sustained and that Congress would approve proposed rescissions of appropriations contained in the 1976 Education Appropriation Act and the First Supplemental Appropriation Act amounting to $1,350,417,000. Neither of these assumptions has materialized.

The final enactment of the Labor-HEW Appropriation Bill and Congressional disapproval of the proposed rescissions add a total of approximately $2.3 billion in 1976 budget authority above that shown in the budget with an outlay impact in fiscal 1977 of $923 million.

Furthermore, the 1976 estimates in the President's 1977 budget underestimates the amounts which Congress is likely to provide in the 2nd Supplemental Appropriation bill for programs authorized by the Older Americans Act and for summer youth employment, and does not adequately reflect the 1976 appropriations which are likely to be necessary for basic educational opportunity grants for both the current and the coming academic year. It now appears that a 1976 supplemental appropriation of $791 million may be needed for BEOG's, compared with the $335 million shown in the President's Budget.

PUBLIC SERVICE EMPLOYMENT

A major element of uncertainty concerns appropriations for public service employment programs authorized by Title II and/or Title VI of the Comprehensive Employment and Training Act. Appropriations to date in fiscal year 1976 include $1,625,000,000 for programs under title VI and $400,000,000 for programs under title II. In addition, $100,000,000 has been appropriated for title II programs for the transition quarter. There is at present, no authorization for further appropriations under Title VI. A bill (H.R. 11453) which would extend and modify the Title VI program has passed the House. The Committee Report and House floor debate on H.R. 11453 indicate that the bill's purpose is to double the size of the present program. This may require additional budget authority of $1,200,000,000 in 1976, $393,000,000 in the transition quarter, and $4,373,000,000 in fiscal year 1977. The President's budget, on the other hand, only proposes a supplemental appropriation of $1,700,000,000 for 1976 for public service employment programs under title II of the Comprehensive Employment and Training Act, and an additional appropriation of $400,000,000 under Title II for fiscal year 1977. Thus, there is a potential Congressional increase over the budget for public service employment of $4,266,000,000 in budget authority and outlays over the period fiscal year 1976-transition quarter-fiscal year 1977.

EDUCATION PROGRAMS

The budget estimate of $6,064,081,000 for the Education Division of HEW includes $1,801,971,000 which requires enactment of additional authorizing legislation. The budget estimate of 1976 appropriations is $1,301,907,000 less than the amounts actually appropriated to date. Furthermore, the budget contemplates a supplemental appropriation of $335,000,000 for basic educational opportunity grants, whereas it

68-249 O - 76 - 7

now appears that a supplemental appropriation of $791,000,000 including $180,000,000 for the current academic year, will be necessary if the Congress wishes to fully fund the BEOG program for the current and the coming academic year. The 1977 budget for controllable programs for the Education Division is $1,278,000,000 less than the appropriations for 1976, and $1,884,000,000 less than the appropriations enacted and likely to be enacted for fiscal year 1976. If education programs in fiscal 1977 are funded at the same level as 1976, a Congressional increase of approximately this amount will be required.

A partial list of the programs involved in this increase would include grants to school districts under Title I of the Elementary and Secondary Education Act, bilingual education, Follow Through, educational broadcasting facilities, impacted area aid, vocational and adult education, supplemental opportunity grants, basic opportunity grants, national direct student loans, college work-study language training and area studies, university community services, and to land-grant colleges, veterans cost of instruction payments, cooperative education, assistance for school and public libraries, and ethnic heritage studies.

It is important to note that the amounts cited provide only for maintaining the 1976 dollar level in fiscal 1977, without provision for inflation or program growth. It is quite likely that many members of Congress will wish to provide additional resources for programs such as impacted area aid, education for the handicapped, and emergency school aid, among others.

BLOCK GRANTS

The President's Budget includes a legislative proposal to combine some 27 elementary, secondary, vocational, adult, and library programs into a single block grant program for which budget authority of $3,300,000,000 would be requested for fiscal year 1977, partially offset by reductions in budget authority requested in the budget for the programs to be consolidated. The net effect of the legislative proposal is to add $802,000,000 to the 1977 budget estimates for education, of which $539,000,000 is for the purpose of advance funding vocational education programs. The legislation was submitted to Congress on March 1, 1976. It is unlikely that the timetable imposed by the Congressional Budget Act will permit enactment of such a far-reaching piece of legislation in time for incorporation in appropriations bills for fiscal year 1977.

The budget also indicates that new legislation will be proposed which will modify the existing social services program authorized by Title XX of the Social Security Act and combine it with programs for training of State and local welfare workers. This Federal Assistance for Community Services Act would, if enacted, add $40,000,000 to the 1977 budget estimates.

Other legislative proposals reflected in the budget include demonstration projects to test the concept of integrated service delivery at the local level (+$20,000,000), and changes in the work incentives program. The Committee's contingency estimates reflect the impact of possible non-enactment of all of the legislative proposals.

HUMAN DEVELOPMENT

The budget estimate of $1,572,689,000 for human development programs includes $776,500,000 for which additional authorizing legislation is required. The 1976 appropriation of $1,667,000,000 is $94,311,000 more than the 1977 request. Level funding for 1977 would require an increase of this amount.

OTHER PROGRAMS

Other major contingencies in this area include summer youth employment which would require $99.8 million to maintain the current level and grants to states for unemployment insurance and employment services which would require $65,000,000. An additional $50 million in budget authority is identified for Indian education programs administered by the Departments of Interior and Health, Education, and Welfare, and for arts, humanities, and museum programs.

An allowance of $375 million should be provided for the Job Opportunities Program of the Economic Development Administration pending enactment of appropriate authorizing legislation.

Health

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays: From new current	Fiscal year 1977 outlays: From prior year balances	Fiscal year 1977 outlays: Total
Appropriation request:				
Requiring authorization	453, 369	335, 679		335, 679
Not requiring authorization	20, 666, 730	15, 412, 214	5, 884, 272	21, 296, 486
Subtotal	21, 120, 099	15, 747, 893	5, 884, 272	21, 632, 165
Proposed legislation and rescissions	−215, 066	−736, 826	−145, 241	−882, 067
Subtotal, appropriation requests	20, 905, 033	15, 011, 067	5, 739, 031	20, 750, 098
Permanent, trust funds, and other backdoor authority	23, 039, 608	9, 649, 249	12, 121, 753	21, 771, 002
Other proposed legislation	−10, 000		−2, 231, 000	−2, 231, 000
Offsetting receipts	−5, 896, 643			−5, 896, 643
President's budget request	38, 037, 998			34, 393, 457

Functional Description

This function includes those programs that have as their basic purpose the promotion of the physical and mental health of the Nation's population, including the prevention of illness and accidents. It includes research into the causes and cure of disease; promotion of consumer and occupational health and safety; planning, financing, and provision of medical care; the financing of specialized programs for training of health workers and researchers; and food (including meat), drug, and other product safety inspection programs. The major programs included in this function are medicare, medicaid, the National Institutes of Health, other health research and education, prevention and control of health problems, and health planning and construction. In addition to the Department of Health, Education, and Welfare, these programs are administered by the Civil Service Commission, the Animal and Plant Health Inspection Service of Agriculture, and the Occupational Safety and Health Administration.

Committee Views

MEDICARE

Under current law, outlays for Medicare are estimated to increase by $4.1 billion. The budget proposes cutting this increase $2.2 billion by limiting increases in payment rates to 7 percent per day for hospitals and to 4 percent for physicians' services (−$909 million) and greater cost-sharing (−$1,860 million). These reductions would be partially offset by a proposal to provide protection against catastrophic medical costs by limiting cost-sharing for covered services to $500 per year for hospital and nursing home care and to $250 annually for physicians' services. The budget projects the costs of this program at $638 million. However, since the budget was submitted the administration has revised its cost estimates and made other modifications that would add an additional cost of $600 to $700 million.

In the event these changes are modified or not approved, increases will have to be provided.

MEDICAID

Under current law, outlays for Medicaid are projected by the Administration to increase $1.0 billion to $9.3 billion in 1977. This may be $100–$500 million too low. The budget proposes to consolidate the Federal share of the Medicaid program with fifteen other categorical health grant programs into a single $10 billion health revenue sharing block grant to the states. Under this proposal, no state matching would be required. The $10 billion would allocate $9 billion for all health service programs (including Medicaid, neighborhood health centers, family planning, and maternal and child health programs), $500 million for community and environmental health activities (i.e. alcohol and disease prevention, rodent and lead paint control, developmental disabilities and community mental health centers), and the remaining $500 million for planning, construction, and development or as discretionary funds to be used as the states desired. The $9 billion would support approximately $9.9 billion in programs assuming Administration projections for Medicaid and 1976 appropriation levels. A portion of this $900 million difference could be offset by the states' using part or all of the $500 million of the discretionary funds, but this could serve to the detriment of their health planning and development activities.

It does not seem likely that such a sweeping legislative proposal will be enacted this year with the result that budget authority and outlays may be greater than requested by the Administration.

HEALTH AGENCIES

The 1977 budget request of $4,304,190,000 for health programs administered by the agencies of the Public Health Service, excluding Indian Health and the Food and Drug Administration, includes $734,-365,000 which requires the enactment of additional authorizing legislation. The estimate of $4,178,834,000 shown in the 1976 column of the 1977 President's Budget is $838,726,000 less than the amount which will probably be appropriated for fiscal year 1976. The 1977 budget request is $713,370,000 less than the 1976 appropriation. Just to maintain level funding for health services programs in 1977 will require a Congressional increase of that magnitude. In addition outlays resulting from the override of the Labor-HEW appropriation veto and rejection of rescissions will be $407 million.

A partial list of the health programs affected by these increases would include research on cancer, heart disease, mental illness, and a host of other killing and disabling diseases; community health centers, comprehensive health grants to States, maternal and child health, family planning, migrant health, the National Health Service Corps, the Public Health Service Hospitals, emergency medical services, control and treatment of hemophilia, hypertension, alcoholism, and drug abuse; occupational health, and assistance for schools and students of nursing, dentistry, medicine, and other health professions. It is safe to predict that many Members of Congress will wish to provide increases over and above current funding levels for many of these programs.

INDIAN HEALTH PROGRAMS

The Committee feels that more will need to be done to provide better health services for the Indian people than proposed in the budget. This would include continuation of important programs provided by Congress in fiscal year 1976 and for continuation of construction on 10 Indian hospitals which began in fiscal year 1976. In addition, proposed rescission and deferral requests for the Indian Health Service are likely to be denied.

MINING HEALTH AND SAFETY PROGRAMS

The Committee believes that the proposed budget for mining health and safety programs of the Department of the Interior is inadequate.

Income Security

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays		
		From new current	From prior year balances	Total
Appropriation request:				
Requiring authorization	17,036,500	154,000		154,000
Not requiring authorization	27,295,159	29,968,097	5,971,769	35,939,866
Subtotal	44,331,659	30,122,097	5,971,769	36,093,866
Proposed legislation	−2,478,607	−2,195,731		−2,195,731
Subtotal, appropriation requests	41,853,052	27,926,366	5,971,769	33,898,135
Permanent, trust funds, and other backdoor authority	118,240,075	65,579,267	45,030,443	110,609,710
Other proposed legislation	4,381,687	230,729	−827,219	−596,490
Offsetting receipts	−6,796,811			−6,796,811
President's budget request	157,678,003			137,114,544

Functional Description

This function includes payments to persons for which no current service is rendered by recipients, such as retirement (excluding military retired pay), disability, unemployment, and welfare payments and associated administrative costs. Also included are the food stamp, special milk, and child nutrition programs; both Federal and trust fund unemployment compensation and workmen's compensation; public assistance cash payments; benefits to the elderly and to coal miners; and low- and moderate-income housing aids.

This function includes such retirement and disability programs as old-age, survivors, and disability insurance (Social Security), railroad retirement, special benefits for disabled coal miners, and federal employee retirement disability.

These programs are administered by the Departments of Health, Education, and Welfare, HUD, Agriculture, Labor, and the Civil Service Commission.

Excluded from this function are financial assistance for educational purposes, child care services, vocational and manpower training and vocational rehabilitation services and stipends, medical care (whether in cash or kind), subsidies to businesses (such as farm price supports) even though they may end up as income to persons, and income security programs restricted to veterans and their dependents.

Committee Views

FOOD STAMPS AND OTHER NUTRITION PROGRAMS

The proposed budget is understated by $186 million in the Child Nutrition programs. Further, the request for the Food Stamp program is based on the program changes proposed by the Administration and on an estimated 30 percent decrease in the average number of participants per year. At current levels of participation, the existing program would require additional funds above the budget request. Major food stamp reform legislation is now under consideration by the House and Senate Agriculture Committees that may result in significant funding adjustments.

The Committee wishes to emphasize a point which is especially crucial to understanding the budget of the Food and Nutrition Service (FNS). In essence, the President has presented two separate proposals regarding FNS activities. The proposal to which this report addresses itself is the one related to the budget figures which appear in the individual appropriation language paragraphs, as follows: (Institutional Nutrition Support, $2,800,307,000; Special Nutrition Supplements, $277,677,000; Food Program Administration, $60,889,000: in all, a total of $3,138,873,000). The other proposal relates to the President's block grant legislation for the food and nutrition programs which, of course, is subject to passage by the Congress. That legislative proposal contemplates substituting a new budget request of $2 billion for the $3.1 billion in the Budget now before Congress for the programs enumerated above. Thus, in discussing a target ceiling one must specify to which Presidential proposal it is related. Moreover, the President's budget for these programs is presented in the format of a program and appropriation structure greatly changed from the current structure. This can present the potential for misunderstanding when comparing the 1976 appropriations with the 1977 requests in the Budget.

The budget proposes that Section 32 funds, totalling some $1,111,000,000, be used to purchase food. Sufficient Section 32 funds must be available to provide stability and orderly marketing as originally contemplated in the authorizing legislation. To shift production-related funds entirely to consumption is to invite the day when there is too little to consume because there was not enough produced.

UNEMPLOYMENT COMPENSATION AND BENEFITS

In the event Special Unemployment Assistance and Federal Supplementary Benefits legislation is extended increases in a range of $900 million to $2.7 billion may be required. In addition, based on past workload and increasing medical costs, payments for job related injuries and illness of Federal employees may be understated by $100 million.

SOCIAL SECURITY AND PUBLIC ASSISTANCE

The 1977 budget estimate of $18,400,295,000 for public assistance payments includes $6,215,000,000 for maintenance assistance, which may be understated by $200–$800 million.

The Federal fund estimate for Social Security of $13,537,912,000 includes $5,910,122,000 for supplemental security income which may be understated by as much as $350 million.

LOW- AND MODERATE-INCOME HOUSING ASSISTANCE

The 1977 budget requests $850 million of new annual contract authority and $16,572,900,000 of budget authority for annual contributions for assisted housing. The budget also assumes that in addition to the new contract authority requested for 1977, $359,400,000 of unused annual contract authority will be carried over from the transition quarter. The total of $1.2 billion of annual contract authority available in 1977 would be used to produce 400,000 units of Section 8 assisted housing and 6,000 units of conventional Indian public housing.

While there are a number of factors that could affect the actual carryover realized, it would appear that a reduction of approximately $150 million in new annual contract authority could be applied to fiscal year 1977. This would reduce the request for new contract authority to $700 million and the accompanying budget authority to approximately $13.5 billion. The proposed reduction is based on the assumption that the carryover will be larger than estimated in the budget because it appears that the number of assisted housing units reserved in 1976 and the transition quarter will fall well below the current estimate of 400,000.

The amount requested for housing payments in 1977 is $3,070,000,000. Of this amount, the budget assumes that $799 million will be required for payments under the Section 8 program. Although this account is totally uncontrollable and the funds are required to liquidate prior commitments made under the assisted housing programs, it is estimated that the amount requested could be reduced from $50 million to $100 million. This reduction is based on the assumption that there will be less Section 8 activity than anticipated in the budget.

The 1977 budget request for operating subsidies for operation of low-income housing projects is $463,600,000. This is $71,400,000 less than the level provided in 1976. The 1977 request assumes passage of legislation that would revise the definition of income under the Public Housing Program so that it conforms to the definition used under the Section 8 Low Income Housing Assistance Program. It is not expected that these changes will become law, and at least $112 million of additional operating subsidies above that requested in the budget will be required.

Veterans Benefits and Services

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays: From new current	Fiscal year 1977 outlays: From prior year balances	Fiscal year 1977 outlays: Total
Appropriation request:				
Requiring authorization				
Not requiring authorization	18,140,939	16,760,938	1,414,817	18,175,755
Proposed legislation	−922,500	−923,500		−923,500
Subtotal, appropriation requests	17,218,439	15,837,438	1,414,817	17,252,255
Permanent, trust funds, and other backdoor authority	974,846	4,046	452,579	456,625
Offsetting receipts	−512,421			−512,421
President's budget request	17,680,864			17,196,459

Functional Description

This function consists of programs providing benefits and services, the eligibility for which is related to military service but which are not an integral part of national defense. It includes veterans service-connected compensation; non-service-connected pensions; readjustment benefits; housing; and medical care programs.

As a normal rule, the outlays in this function are similar to those in the broader general purpose functions (such as income security or health) but are restricted to veterans and their dependents.

Committee Views

COMPENSATION AND PENSIONS

The 1977 budget request for compensation and pensions is $8,153,400,000, a decrease of $95,000,000 below 1976. The 1977 level assumes a caseload decline of 68,000. Actual caseload experience for January showed an increase against the 1976 plan. Thus, it seems possible that the full 68,000 anticipated decline in caseload will not materialize. Therefore it is estimated that an additional $100 million may be required to meet actual caseload demands in fiscal year 1977.

In addition, the 1977 budget carries no provision for extension of the 8 percent pension increase which became effective on January 1, 1976. The law provides for only a nine month increase—or through September 30, 1976. It is estimated that a minimum of from $200 to $300 million additional will be required in 1977 to continue the 8 percent pension rate increase. Legislation providing more than 8 percent would, of course, require additional resources.

READJUSTMENT BENEFITS

An appropriation of $4,873,000,000 is requested for readjustment benefits in 1977, a decrease of $1,341,475,000 below the current level of $6,214,475,000. The decrease is due primarily to the cutoff of the ten

year delimiting period which ends on May 31, 1976. The decrease is also directly attributable to a lower discharge rate from the armed forces.

A substantial additional savings in this appropriation account could be realized if the prepayment of benefits was eliminated or substantially altered. The amount of overpayments increased from 2.7 percent of obligations incurred in fiscal year 1972, to 15.6 percent for the first 6 months of fiscal year 1976. This increase occurred after the implementation of prepayment and advance payment procedures. An analysis of current data indicates that between 60 and 75 percent of overpayments result directly from the monthly prepayments of benefits after the initial enrollment of the student. The advance payment which is made at the time of enrollment does not appear to be a significant cause of the overpayment problem.

Based on an appropriation request of $4,873,000,000 for readjustment benefits in 1977, a savings of up to $438 million could be achieved if the prepayment of benefits was dropped or modified substantially. If the 10-year delimiting period, which is scheduled to end on May 31, 1976, is extended for two years, an additional $900 million will be required in fiscal year 1977.

MEDICAL CARE

A total of $4,173,232,000 is requested for medical care in 1977, an increase of $307,776,000 above the current estimate for 1976. This increase assumes a constant level of outpatient visits. It is the intention of the Veterans Administration to attempt to hold at that level by limiting care to non-service connected veterans in favor of increasing care to service-connected veterans. If the outpatient caseload can be maintained at the current levels, the estimate for 1977 appears reasonable.

LEGISLATIVE PROPOSALS

The 1977 budget request assumes that $922 million will be saved because of legislation proposed for separate transmittal. If these proposals are not adopted by the Congress, additional funds would be required in the 1977 budget.

The three principal elements of the proposed savings are: (a) $85,000,000—eliminate veterans burial payments in instances where they duplicate other federally-financed burial benefits; (b) $130,000,000—provide for reimbursement to the Veterans Administration by private carrier for the cost of medical care extended to non-service connected veterans; (c) $712,000,000—eliminate or terminate certain educational benefits, including repeal of the two-year delimiting date extension for veterans education which was extended from eight years to ten years in Public Law 93-337.

All of these proposals were recommended by the President in a similar form last year. It is expected that both the education benefits and burial payment proposals will not be enacted. However, there is some indication that the recommendation for reimbursement of medical costs by private insurance carriers will receive favorable consideration in the House.

Law Enforcement and Justice

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays: From new current	Fiscal year 1977 outlays: From prior year balances	Fiscal year 1977 outlays: Total
Appropriation request:				
Requiring authorization	699, 474	147, 158		147, 158
Not requiring authorization	2, 621, 947	2, 283, 278	1, 005, 483	3, 288, 761
Subtotal, appropriation requests	3, 321, 421	2, 430, 436	1, 005, 483	3, 435, 919
Permanent, trust funds, and other backdoor authority	6, 070	5, 899	−6, 370	−471
Offsetting receipts	−9, 450			−9, 450
President's budget request	3, 318, 041			3, 425, 998

Functional Description

This function includes those programs designed to provide judicial services, police protection, law enforcement (including civil rights), rehabilitation and incarceration of criminals, and promotion of the general maintenance of domestic order. The major programs and agencies administering this function include the Federal Bureau of Investigation, the Customs Service, Justice Department legal activities, the Federal Judiciary, Federal Bureau of Prisons, and the Law Enforcement Assistance Administration.

DEPARTMENT OF JUSTICE

The budget request for the Law Enforcement Assistance Administration is $707,944,000, a decrease of $101,694,000 from the current year. While the total amount requested for LEAA for fiscal year 1977 appears reasonable, some adjustments within the total may be made which would include the Juvenile Justice and Delinquency Prevention Program and the Law Enforcement Education Program.

With respect to the Federal Bureau of Investigation, the Committee is of the opinion that the budget request for fiscal year 1977 is insufficient to carry out the FBI's law enforcement responsibilities. Consequently, the Committee has identified a possible needed increase in the budget for the FBI in the range of up to $50 million.

The Committee also believes that additional requirements may exist in the range of $15 million in other activities of the Department of Justice, primarily the Immigration and Naturalization Service, the Drug Enforcement Administration, and the U.S. Marshals Service.

LEGAL SERVICES CORPORATION

The request for the Legal Services Corporation for fiscal year 1977 submitted in the President's budget is $80 million. This is a reduction of $8 million from the fiscal year 1976 funding level. Pending further review, the Committee feels there may be ample justification to fund the program at a level of approximately $100 million.

CUSTOMS SERVICE

The budget for the U.S. Customs Service of the Treasury Department would decrease personnel by over 300 positions. The Committee feels that this reduction would not only lessen the effect of the agency's contraband and drug control program, but would also reduce service and cause inconveniences to the many millions of visitors to this country each year. The Committee contemplates restoring the personnel level to the fiscal 1976 level at an estimated cost in the range of $11 million.

General Government

RECAPITULATION OF PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays: From new current	Fiscal year 1977 outlays: From prior year balances	Fiscal year 1977 outlays: Total
Appropriation request:				
Requiring authorization	84,321	65,132		65,132
Not requiring authorization	6,325,332	6,079,141	273,436	6,352,577
Subtotal	6,409,653	6,144,273	273,436	6,417,709
Supplementals	225,889	225,889		225,889
Proposed legislation	−1,354	−1,554	700	−854
Subtotal, appropriation requests	6,634,188	6,368,608	274,136	6,642,744
Permanent, trust funds and other backdoor authority	4,351,409	4,310,151	5,532	4,315,683
Offsetting receipts	−7,525,397			−7,525,397
President's budget request	3,460,200			3,433,030

Functional Description

This function includes the general overhead costs of the Federal Government including legislative and executive activities; provision of central fiscal, personnel, and property activities; and the provision of services that cannot reasonably be classified in any other major function. As a normal rule, all activities reasonably or closely associated with other functions are included in that function rather than listed as a part of general government.

Included in this function is the Legislative Branch, the White House and Executive Office of the President, the Internal Revenue Service and other fiscal management activities of the Treasury Department; the general property, supply operation, and records management activities of the General Services Administration; federal personnel management activties of the Civil Service Commission; territories and possessions; and claims and judgments.

Committee Views

On the basis of a preliminary review of the various appropriation requests comprising this function, it appears that the budget assumptions are generally adequate. The Committee notes, however, that the budget makes no provision for the implementation of the Northern Marianas Covenant recently approved by the Senate. The budget request for this and other high priority programs in U.S. Territories administered by the Department of Interior appear to be inadequate.

In addition, the Legislative Branch is likely to require an increase of $13 million, and various Treasury Department adjustments will result in an additional $70 million in budget authority and $65 million in outlays.

Revenue Sharing and General Purpose Fiscal Assistance

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays		
		From new current	From prior year balances	Total
Appropriation requests	287, 767	287, 566	129	287, 695
Permanent, trust funds, and other backdoor authority	8, 782, 605	6, 869, 129	1, 917, 405	8, 786, 534
Offsetting receipts	−1, 723, 250			−1, 723, 250
President's budget request	7, 347, 122			7, 350, 979

Functional Description

This function includes Federal aid to State, local, and territorial governments that is available for general fiscal support or is available for distribution among programs involving two or more major budgetary functions when the distribution among those functions is at the discretion of the recipient jurisdiction. It includes payments in lieu of taxes, broad-purpose shared revenues, General Revenue Sharing, the Federal payment to the District of Columbia, and payments to States of receipts from the Forest Service and land management activities of the Department of the Interior. In addition, the Department of Treasury returns to Puerto Rico and the Virgin Islands most Federal taxes and other revenues collected there.

Committee Views

NEW YORK CITY SEASONAL FINANCING FUND

The 1977 budget requests no additional money for the New York City seasonal financing fund. The $2,300,000,000 provided in FY 1976 is intended to cover the full three year program. This program requires that the amount loaned be repaid by June 30 of each year.

While it appears that the $2.3 billion is sufficient for fiscal year 1976, the financial outlook of New York City in 1977 remains uncertain. Depending on policy decisions to be made by the President, the Congress, and the State, it is not unreasonable to expect that substantial additional funds could be required to avoid a New York default in fiscal year 1977 and beyond.

REVENUE SHARING

Existing authorizing legislation for this program expires December 31, 1976. It appears that if the program is extended it is likely that the Committee on Appropriations would have jurisdiction for providing appropriations. It is also possible that many Members of the Committee would support the program being continued at its present level. Additionally, it should be pointed out that the President's Budget contains no additional increase for this program, as is popularly believed.

Interest

RECAPITULATION OF THE PRESIDENT'S BUDGET

[In thousands of dollars]

	Budget authority	Fiscal year 1977 outlays		
		From new current	From prior year balances	Total
Interest on the public debt	45,000,000			45,000,000
Other interest	−3,703,578			−3,703,188
President's budget request	41,296,422			41,296,812

Committee Views

Historically, the actual interest paid during a fiscal year tends to be greater than that estimated at the time the budget is prepared. For 1977 the budget assumes that the interest rate on 91 day Treasury bills—a major means of financing the debt—will remain at 5.5 percent, the current market rate at the time the estimates were made in January. If the economy continues to expand, and the private sector competes more for borrowing, the rates may increase and thus cause an increase in the total amount of interest to be paid during fiscal year 1977.

In addition, if Federal outlays increase as indicated in the Committee's contingency estimates, interest on the debt, at 5.5 percent, could increase by about a billion dollars.

SEPARATE VIEWS OF HON. JOSEPH P. ADDABBO

As a member of the Defense Appropriation Subcommittee, I present these separate views as I am not in agreement with the report submitted by the Defense Appropriations Subcommittee.

I cannot condone the proposed increase of some $14 billion in the Defense Budget at a time when many programs of direct benefit to our people are not increased or are being cut back.

The budget authority requested for FY 1977 for activities covered in the Defense Appropriation Act totals $106,606,000,000. The Committee recommendations for these activities total $105,736,000,000, a reduction of only $930,000,000 in Budget Authority and merely $160,600,000 in outlays.

The requested increase in this same area is $16,200,000,000 in Budget Authority. This increase, we are told, would provide about $8.0 billion for inflation and about $8.0 billion for real growth in defense programs.

The Congress made sharp reductions totalling more than $7.0 billion in Defense Department requests covered by the Defense Appropriation Act last year. Still, the sum appropriated provided more than $2.0 billion in real growth for the Department.

Although Administration spokesmen talk mostly of the threat presented by the Soviet increases in strategic offensive forces, most of the real increase proposed in the Budget relates to General Purpose Forces. Increases in General Purpose Forces cannot offset Soviet increases in strategic power if it is necessary to offset those increases.

There are many areas in which reductions could be made without impairing the military strength of the United States. Further hearings will reveal more such areas. I will set forth some of the more obvious areas in which reductions should be made, fully recognizing that there are other areas which I will not discuss in these views, which I fear will be too lengthy now.

UNOBLIGATED AND UNEXPENDED BALANCES

The Committee on Appropriations' recommendation proposes to increase defense spending at a more rapid rate than the Department can properly assimilate. It is estimated by the Defense Department that at the end of fiscal year 1981, some $2.8 billion which was appropriated in fiscal year 1974 and in prior years will remain unexpended. It would appear that these funds are not necessary to approved defense programs and might be deleted.

It is estimated by the Department of Defense that at the end of the transition period between FY 1976 and FY 1977, unobligated balances totaling $17,769,630,000 will be carried forward into FY 1977. It is further estimated that at the end of FY 1977, one year later, $21,068,919,0000 will be unobligated and carried forward into FY 1978.

68-249 O - 76 - 8

The Defense Department estimates that unexpended balances will grow even more. At the end of the transition quarter, $70,816,574,000 will be carried forward into FY 1977. At the end of FY 1977, it is estimated that $84,149,580,000 will remain unexpended and will be carried forward into the next fiscal year. It seems clear that the Defense Department is being seriously overfunded.

MINUTEMAN III

It makes no sense militarily to spend $300 million this year to continue the Minuteman III production line. We have 550 Minuteman III's and 450 Minuteman II's in silos, and sufficient numbers of additional Minuteman III missiles for contingencies and for operational testing to take us through 1988. The new M–X Advanced ICBM is scheduled to replace the Minuteman in the mid-1980's.

Buying additional Minuteman III missiles does not enhance our strategic deterrence posture because we cannot add to our land-based MIRV force without violating the Vladivostok limitation of 1,320 MIRV launchers. In addition to the 550 Minuteman III's in silos, we have currently deployed 496 Poseidon missile with MIRV's. When the 10 Trident submarines enter the inventory, they will add 240 to the MIRV numbers, for an overall total of 1,286 MIRV launchers. That means only 34 additional Minuteman III's can be deployed and still remain within the 1,320 Vladivostok limit. Yet the Air Force must deploy Minuteman III's in groups of 50. This, of course, could be done now with close to 140 additional Minuteman III's in the inventory or on order and not in silos.

The front end of the Minuteman III production line began to close in July of last year. The Air Force has testified it would cost about $350 million to reopen the line once it shuts down. We have been spending close to that amount in each of the last several years merely to maintain an on-going production line.

We have not been buying "SALT bargaining chips" these last several years because we are not increasing the number of Minuteman III's in silos. We do not impress the Soviet Union by merely buying Minuteman III missiles beyond our operational test requirements. We are not adding meaningful growth to our national defense; we are not buying "bargaining chips" for the SALT negotiating table; but we are wasting hard-earned tax revenues. It is time to stop this waste now.

The $300 million added to the budget to continue Minuteman III production cannot be justified.

B–1 BOMBER

The FY 1977 budget contains $948 million to compete the funding of the first three B–1 production bombers, plus $89 million in advance procurement funding for eight additional bombers in FY 1978.

The General Accounting Office has pointed out that the B–1 entered full scale development in 1969. Seven years later, specific and well defined cost, schedule and performance thresholds have not been established for the B–1 program. Until appropriate and well defined thresholds are set out for the B–1 program, neither the Secretary

of Defense nor the Congress can objectively assess the probability of acquiring a mission-capable weapon system within fund and time limitations. We have already seen the initial operational capability date slip 38 months and supersonic penetration speed degraded 27 percent. As a matter of fact, the B–1 does not meet the development estimate in nine categories of requirements, including the subsonic and supersonic missions.

We were told last year that the Air Force "may" test the primary mission profiles just prior to the production decision in November, 1976, "but we will not do extensive flight testing at that altitude until somewhat later." The Air Force was unable to provide the Committee with the B–1 test flights for the year. We were advised that the Air Force did not have such a flight test plan; that in general, flight testing is predicated on the results of the preceding flight.

The research and development program will cost close to $4 billion. There is about $1.2 billion of the research and development program yet to be funded by Congress. It is not realistic to enter production on a program as important as the B–1 bomber with over $1 billion worth of development and testing to be completed. Furthermore, no production aircraft should be funded until the subsonic and supersonic mission requirements have been fully tested and satisfactorily demonstrated. The present production schedule does not permit this to happen. In my opinion, the production decision should be delayed one year in order to complete more of the research and development program and adequately test the aircraft which now has a production unit cost of $72.8 million and a program unit cost of $87.8 milion.

For the foregoing reasons, the $948 million budgeted to initiate production of three B–1 bombers should be denied.

E–3A AWACS AIRCRAFT

The Air Force is requesting $384.6 million to buy six additional E–3A AWACS aircraft, plus $42 million in advance procurement funding for six more aircraft in FY 1978.

Through the transition quarter, Congress has funded a total of 13 AWACS for the Air Force. The Secretary of Defense testified in April 1975 that 15 AWACS aircraft would satisfy our non-NATO requirements. A recent study by our Surveys and Investigations Staff concurs with a need for no more than 15 non-NATO AWACS systems, and considers the Air Force requirement of 34 such aircraft to be overstated.

It is time that NATO begin to pay its fair share of the defense of Europe. If our own military will not do it, then it is Congress that must make it perfectly clear that the American taxpayer can and will no longer pay for weapon systems that are uniquely required for NATO defense. If AWACS is required for European defense, then NATO should pay for the AWACS required to meet that requirement.

While I doubt that additional AWACS are needed for the United States, I would propose funding no more than two additional aircraft in FY 1977 and recommend a reduction in the budget of $278.4 million, including the $42 million in advance procurement budgeted for an FY 1978 buy.

TRIDENT MISSILE

The FY 1977 Navy budget contains $880 million for inital production of the Trident 1 missile, plus $253.4 million in advance procurement funding for a buy in FY 1978.

By the time the Navy proposes to award a production contract for the Trident missile, only one development flight test will have been conducted. The Trident missle is being developed by Lockheed Space Missiles Division, drawing on experience gained in the Poseidon missile program. There is a major modification effort on-going at the present time to increase the reliability of the Poseidon missile.

Trident is too important a program to trust to chance. We must avoid the pitfalls of the past which tell us of the danger in prematurely entering into production before adequate testing is completed. About $1 billion of research and development funding, or almost one-third of the total R.D.T. & E. funding required, remains to be provided by Congress.

The Trident missile has experienced premature detonations of its second stage motor. The Navy is "guardedly optimistic" the second stage motor problems have been identified. We need more than "guarded optimism" before we begin to spend over $6.6 billion in producing Trident 1 production missiles. And we need more than one missile test before anyone can decide whether or not we should enter production. In the years I have been on the Defense Subcommittee, I have seen the results of prematurely entering production on weapon systems. It takes longer to field such weapons and at far greater cost than if we followed an orderly development and test program. At the same time, the Soviets will monitor our Trident missile tests in much the same way they did our Poseidon missile test program. If we experience early development problems, and in a research and development program we inevitably will, we are not fooling our adversaries. It is the American people that will be misled.

I strongly urge the deletion of $880 million for Trident missile production. At the same time, I propose fully funding the research and development request and the $253.3 million in advance procurement funding.

CSGN NUCLEAR STRIKE CRUISER

The Navy has budgeted $170 million for long leadtime funding of a CSGN nuclear-powered strike cruiser. The detailed design of this ship has not been completed. The nuclear power plant for the ship must be developed and tested because the ship has grown from 11,000 tons last year to over 17,200 tons this year. Furthermore, the lead ship cost estimate has increased from $1.2 billion to $1.4 billion.

The FY 1977 research and development budget contains $33.3 million for contract design of the ship and propulsion plant. The design and development of the nuclear power plant will not be completed until FY 1978. After FY 1977, a total of $38.5 million in research and development will be required for this ship.

Because of the uncertainty of the ship design at this time and the extensive design and development effort required for the new nuclear power plant, no production funds for the strike cruiser should be provided this year. Without a detailed ship design and successful design and development of the nuclear power plant, the cost of this ship is not known. Congress should be provided with firm cost estimates before production funds are released. For these reasons, I believe the $170 million should be deleted from the FY 1977 shipbuilding budget.

OTHER PROCUREMENT

The "Other Procurement" appropriations of the Army, Navy, and Air Force provide for procurement of a wide variety of items, ranging from trucks and buses to munitions and electronic equipments. In just two years, since FY 1975, these appropriations have increased by 35 percent, and the one year increase from FY 1976 to FY 1977 is nearly 20 percent. Some of this can be attributed to inflation, and part is necessary to catch-up in areas where procurements were postponed due to higher priorities in the Vietnam War era. However, much of the expansion in this procurement is in programs where research and testing has not been completed. More still is for increases in inventory objectives which are based on changes in requirements not as yet justified to the Congress. Additional increases result from expansion of many of the 1,000 plus line items that make up the Other Procurement appropriations. Certain of these increases are necessary and desirable, but others can be safely postponed or eliminated without a serious impact on our defense posture. Because of this, I believe a reduction of one-half of the increase in the "Other Procurement" requests of $600 million could prudently be made.

PREMATURE PROCUREMENT

While detailed budget hearings have not been held, a number of other items budgeted in the procurement appropriations have been identified thus far as not requiring funding this year because they either are premature in their funding request due to lack of adequate testing and/or design, they should be slowed down because they are experiencing problems, or they are in fact not justified.

As we progress with our detailed hearings on the Defense budget, there will be other items identified which should not be funded in FY 1977. But from my review of the budget through February 1976, I have identified potential reductions amounting to $4,961.8 million in the procurement appropriations alone. These recommended reductions are well documented and the total amount includes the deletion of the $300 million added above the budget for continued Minuteman 111 production and the $200 million added above the budget for the B–1 bomber by the Defense Subcommittee.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

The fiscal year 1977 budget requests about $10.9 billion for Research, Development, Test, and Evaluation; an increase of $1.4 billion over the prior year appropriation. Of the increase, about $750 million is

real program growth and the balance is for inflation. This significant increase is requested even though decreased funding levels are required for some major programs because procurement is being initiated. For example, the R&D funding of the Trident 1 missile has decreased by over $200 million, B–1 funding by $100 million, and AWACS by $78 million. Consideration should be given to reducing the real growth to a level that is approximately one-half of that requested.

I urge the Budget Committee to carefully consider including the reductions I have proposed in the First Budget Resolution. Reckless spending in the Defense area will not enhance our security. It will instead create additional economic inflation, damage our economic strength, and serve to preclude the funding of many needed people-related programs.

JOSEPH P. ADDABBO.

MINORITY VIEWS OF HON. ELFORD A. CEDERBERG, HON. ROBERT H. MICHEL, HON. SILVIO O. CONTE, HON. GARNER E. SHRIVER, HON. MARK ANDREWS, HON. BURT L. TALCOTT, HON. JACK EDWARDS, HON. ROBERT C. McEWEN, HON. J. KENNETH ROBINSON, HON. CLARENCE E. MILLER, HON. LAWRENCE COUGHLIN, HON. C. W. BILL YOUNG, HON. JACK F. KEMP, HON. WILLIAM L. ARMSTRONG, HON. CLAIR W. BURGENER

VIEWS AND ESTIMATES OF THE HOUSE OF REPRESENTATIVES COMMITTEE ON APPROPRIATIONS ON THE BUDGET PROPOSED FOR FISCAL YEAR 1977, SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974 TO THE HOUSE BUDGET COMMITTEE

This report constitutes a critical and perhaps fatal defeat in the fight for control of the Federal budget. We strongly oppose the views expressed in the report, and we urge that the widest possible attention be given to the inescapable conclusion that the budget control process has failed, and will continue to fail within the Congress as presently constituted. Each of us voted for the Budget Control Act, knowing that its success depended on a new degree of fiscal responsibility within the Congress as a whole. That responsibility has not materialized. Continuation of the present process constitutes a fraud on the American taxpayer.

THE VIEWS IN THIS REPORT

Level of budget authority and outlays

The report identifies "contingencies" in excess of the President's budget estimates of $22.1 billion in budget authority and $19.7 billion in outlays, and urges that these "contingencies" not be interpreted as "recommendations" of the Committee. Semantics notwithstanding, these contingencies *will be used* as a spending target for special interests, who chafe under the spending restraints in the President's budget. (To be fair, we must note that the Chairman of the Budget Committee was the first out of the gate in the 1976 Spendthrift Sweepstakes, recommending to the House, on February 28, that Fiscal 1977 outlays be $410.3 billion, an increase of $16 billion in the President's estimates.)

The Committee's "contingencies" would increase fiscal 1977 outlays to $413.9 billion. We cannot support spending at this level, which implies a deficit in the range of $50 to $60 billion. Economic recovery is proceding as the President forecast it would, *based on moderation in fiscal and monetary policies.* A deficit of this magnitude can be explained only in terms of election year politics, and risks suffocation of the economic recovery through renewed inflation and resulting unemployment.

Two important qualifications must be noted in connection with the Committee's "contingencies". First, budget estimates may be transmitted at a later date to cover some programs. Second, and more important, of the total new budget authority of $433.4 billion proposed in fiscal 1977, $169.4 billion is under the jurisdiction of committees other than the Committee on Appropriations.

The defense budget

Only in the national defense functions does the Committee show a contingency below the President's recommendation. We emphasize that in the defense function, each contingency was carefully examined and approved, resulting in "contingencies" above and below budget estimates. In non-defense functions, comparable restraint was not applied. We regard the "contingency" for national defense as the absolute minimum consistent with national security, and not as an invitation for further cuts to partially offset the substantial "contingency" increase in non-defense programs.

THE FAILURE OF BUDGET CONTROL

The Committee report correctly identifies three "cardinal principles" of the Budget Control Act:

First, it provided a mechanism for the Congress to relate consciously the two sides of the budget—revenues provided by taxes and spending provided by various appropriations.

Second, in recognition of the fragmentation of the budget process, the new legislation undertook to close what has become known as the "backdoor" of the Treasury.

Third, it provided for more timely Congressional budget decisions by changing the fiscal year and providing for early or advanced authorization in order to complete actions on appropriations.

As elements of budget control, these principles have so far been functionally inoperative.

Relating consciously the two sides of the budget

A deficit of $52 billion was originally estimated in the budget for fiscal 1976. The first congressional budget resolution approved a deficit of $68.8 billion, and the second congressional resolution upped the ante to $74 billion. In other words, the first year of operation under the "mechanism for the Congress to relate consciously the two sides of the budget" has cost the taxpayers a cool $22 billion *on top of* the deficit originally proposed in the budget.

The opening bid of the Chairman of the Budget Committee, and the contingencies identified by this Committee, suggests a similar performance in fiscal 1977. We believe that it is clear that in this first year, at least, the new procedures and the new terminology have not changed a thing. The "targets" for total spending have not been used as instruments of discipline and restraint, but rather as instruments of public relations, to somehow provide a cloak of respectability for continued fiscal irresponsibility.

INCREASE (+) OR DECREASE (−)—APPROPRIATIONS COMPARED TO ESTIMATES

[In millions]

Fiscal year	DOD military	Foreign assistance	Total DOD military and foreign assistance	Other agencies	Fiscal year budget total
1961	+426	−494	−68	−3,639	−3,707
1962	+168	−861	−693	−963	−1,656
1963	−792	−1,032	−1,824	−2,627	−4,451
1964	−2,449	−1,525	−3,974	−3,022	−6,996
1965	−1,280	−227	−1,507	−1,947	−3,454
1966	−465	−241	−707	−1,894	−2,601
1967	+145	−449	−304	−513	−817
1968	−2,903	−955	−3,858	−2,407	−6,265
Subtotal 1961–68	−7,150	−5,784	−12,935	−17,012	−29,947
Average	894	−723	−1,616	−2,127	−3,743
1969	−5,920	−1,324	−7,244	−6,563	−13,807
1970	−6,085	−1,448	−7,533	+4,499	−3,034
1971	−2,500	−365	−2,865	+11,103	+8,237
1972	−3,431	−1,285	−4,715	+1,013	−3,702
1973	−5,728	−1,537	−7,266	+1,221	−6,045
1974	−5,305	−1,213	−6,518	+1,453	−5,065
1975	−5,293	−2,288	−7,581	−794	−8,375
1976	−7,391	−763	−8,154	−4,901	−3,253
Subtotal	−41,653	−10,223	−51,876	+16,833	−35,044
Average	−5,206	−1,278	−6,484	+2,104	−4,380
Total 1961–76	−48,803	−16,007	−64,811	−179	−64,991

Source for years 1961–75: "Appropriations, budget estimates, etc.", ch. VIII, comparisons of budget estimates and appropriations (regular annual and supplemental appropriations acts only) as compiled by House Appropriations Committee. Data for 1975 in "Appropriations, Budget Estimates, etc." includes estimates for 93d Congress, 2d Session plus foreign aid appropriations, 1975. "Estimates for 1975" are supplemented by action on appropriations bills in table, "Actions on Requests for New Budget Authority Considered in Appropriations Bills, 94th Congress, 1st Session," Dec. 16, 1975, compiled by House Appropriations Committee. "Estimates for 1976" are taken from "Actions on Requests for New Budget Authority Considered in Appropriations Bills, 94th Congress, 1st Session," Dec. 16, 1975, compiled by House Appropriations Committee, plus House actions on both foreign aid appropriations bill and ConRail supplemental.

Closing the backdoor

The Budget Control Act placed considerable reliance on the appropriations process as a source of fiscal discipline. To bring backdoor spending within the appropriations process would make an important contribution to the objectives of budget control. This assumption is totally unsupported by the recent record of the appropriations process, which is spelled out in the table on the facing page.

While over the full span of its rich and illustrious history the appropriations process has served the nation and the taxpayer well, during the past seven years there has been a virtual abdication of even-handed restraint on the Federal budget. Restraint has been applied only to the budget requests for foreign aid, and the Department of Defense. Only by very large cuts in these budgets does the process yield overall reductions in budget requests. The budgets for other agencies have been, or will be, increased during six of the eight fiscal years, 1969–1976. The requests for these other agencies were reduced during each of the previous eight fiscal years, 1961–1968.

If the appropriations process continues to perform in this fashion, then closing the backdoor will contribute nothing to budget control.

More timely congressional budget decisions

We will welcome the timely *enactment* of authorizations, although we point out that the Act only requires that authorizations be timely *reported*, and allows this requirement to be waived by Rule. A determined majority may frustrate the best intentions of this provision, too.

However, we note with special concern that some other critical elements of the budget control timetable are proving totally unworkable, and contribute to the deplorable credibility gap which now pervades the entire process. Simply put, it is impossible to make useful and responsible comments on the proposals in the budget by March 15, or within about eight weeks of receiving those proposals.

If consideration of the first budget resolution as presently composed requires such information, then the timing or the composition of that resolution must be changed. We fully support an early debate on the budget, but such a debate should be limited to the appropriate totals for outlays, receipts, deficit, and debt, based on economic conditions and fiscal policy, and the appropriate total Federal share of our economic and financial resources.

Further debate and decision cannot be conducted until thorough examination has been applied to the proposals in the budget. The Act provides that all regular appropriation bills be marked up and reported to the House at one time, and it seems to us that this procedure provides the logical opportunity for congressional debate and decision, based on thorough examination of proposals in the budget. Admittedly, this procedure would not include self-financed trust funds, which remain outside the appropriations process, but it would be an immense improvement over the current "debate over priorities" in con-

nection with the first budget resolution, which cannot be conducted seriously or responsibly.

Finally, we must comment on the statement in the Committee report that the report:

> * * * incorporates the views of the thirteen Appropriations subcommittees with respect to the programs and activities under their respective jurisdictions. These views and estimates were drafted and approved by the subcommittees prior to March 1 and the consolidated report by functions was approved by the Full Committee on March 11.

Four of our thirteen subcommittees did not meet to consider their part of the report. Draft views were transmitted to the Members of these four subcommittees, with an invitation to comment. Two of the subcommittees which did not meet were the subcommittees on Foreign Operations, and on Labor-HEW, which together have jurisdiction over $54.9 billion in budget authority.

ELFORD A. CEDERBERG.
ROBERT H. MICHEL.
SILVIO O. CONTE.
GARNER SHRIVER.
MARK ANDREWS.
BURT TALCOTT.
JACK EDWARDS.
BOB MCEWEN.
J. KENNETH ROBINSON.
CLARENCE E. MILLER.
LAWRENCE COUGHLIN.
BILL YOUNG.
JACK F. KEMP.
BILL ARMSTRONG.
CLAIR BURGENER.

REPORT OF THE COMMITTEE ON ARMED SERVICES

U.S. House of Representatives,
Committee on Armed Services,
Washington, D.C., March 12, 1976.

Hon. Brock Adams,
Chairman, House Budget Committee,
U.S. House of Representatives,
Washington, D.C.

Dear Chairman Adams: Enclosed is the report by the Committee on Armed Services as required by the Budget and Impoundment Control Act of 1974 on the national-defense function. This is the functional category under the jurisdiction of the Committee on Armed Services.

The report includes accounting sheets for the various items which make up the total of the national-defense function. These are in the form requested by the Budget Committee. These accounting sheets follow the narrative portion of the report, which summarizes the recommendations of the Committee on Armed Services. In addition to broad dollar amounts, the narrative outlines general committee concerns developed in the committee's hearings.

In its attempt to comply in a meaningful way with the requirements of the Budget and Impoundment Control Act of 1974, the Committee on Armed Services commenced hearings in December 1975 on national-defense requirements and has conducted an extensive review of all phases of the defense establishment's operation.

The committee's recommendations are principally governed by the defense appropriation authorization and military-construction authorization bills, on which the committee has completed action and which the committee expects to report to the House in a matter of weeks.

In addition to its action on the dollar totals in the authorization bills, the committee has had extensive hearings on force levels and manpower requirements preparatory to authorizing the strengths for active and reserve personnel and civilian employees of the Department of Defense. The committee has also had hearings on the requirement for other portions of the budget which are not directly authorized.

The committee in its markup reviewed each budget item that makes up the $114.9 billion initially requested in budget authority for national defense. Therefore, the attached report represents the views of the full Committee on Armed Services.

Sincerely,

Melvin Price, *Chairman.*

Enclosures.

Report of the House Committee on Armed Services

The Committee on Armed Services recommends a new budget authority for the National Defense Function of $114,558 million, which is $346.9 million less than the amount contained in the various Presidential requests. The committee's recommendation for outlays for national defense is $101,565 million, which is $436.5 million in excess of the outlay total contained in the President's estimates.

The Committee would first like to summarize some of its major dollar recommendations and then address some general considerations.

The committee recommends an increase for ship construction of $1,088 million. This is to allow the construction of 20 ships and 2 conversions in place of the program of 16 new ships as requested by the President. The committee's net addition of $1,088 million involves additions of $2,241 million and reductions of approximately $1,153 million. The impact of the committee's action is to reverse the trend of the last several years which has seen the Navy reduced to less than 500 ships.

The maintenance of adequate numbers of high-quality naval combatant vessels is absolutely essential to ensure that the United States will continue to be capable of maintaining its national security position in the decade of the 1980's and beyond.

The committee recommends reductions in the research, development, test and evaluation (RDT&E) function totaling $498.2 million in budget authority. The reductions are in line with the committee's belief that funds must be applied effectively and prudently to enhance our military capability. Although the committee, by intensive review, has been able to make these downward adjustments in RDT&E, it is nevertheless deeply concerned about the inadequacy of our R&D effort in some areas which shall be addressed later in this report.

Holding spending for the National Defense Function within the amount concontained in the budget submission requires congressional acquiescence in a variety of legislative proposals by the President, not all of which have been submitted to date, some of which are contrary to expressed congressional intent and some of which require congressional decisions that transcend committee jurisdictional lines.

The committee, therefore, must of necessity caveat some of its recommendations.

The committee has concurred in the President's requests to retain a cap on active-duty military pay and to eliminate the 1-percent "kicker" on retired-pay increases. The committee's concurrence is contingent on identical restrictions being applied to the entitlements of active and retired civilian personnel. Since 1969, when legislation was enacted to provide the 1-percent add-on or "kicker" each time there was a retiree Consumer Price Index (CPI) raise, retired pay has increased cumulatively 13 percent more than the increase in the CPI. Therefore, the committee considers it not unreasonable to set aside the "kicker" in time of substantial deficit and high inflation.

The committee recommendations throughout are predicated on accomplishing two fundamental objectives: increased combat readiness in the near terms and increased deterrence and strategic capability in the future.

Consistent with the first objective, the committee recommends increases in operation and maintenance (O&M) budget authority of $545.1 million. At the same time, the committee recommends budget authority reductions in the various stock funds totaling $179 million. The committee recommends that the major increases be applied to the general category known as "Depot Maintenance." This involves all of those activities such as ship overhauls, aircraft rework, and combat-equipment maintenance which contribute to increased combat readiness. The total O&M increase includes an amount of $94 million to reflect the committee's rejection of the President's proposal to reduce the support of commissaries.

The committee would point out that large parts of the defense budget are required to be submitted without any adjustment for expected inflation, and this contributes to unrealistic estimates. The committee believes its function is to determine the level of defense required. It has, therefore, increased the "Depot Maintenance" portions of the O&M budget to allow a level of combat-readiness maintenance which was intended to be performed in the programs as submitted. This increase in "Depot Maintenance" totals $407 million. As indicated, this is somewhat offset by decreases in other areas. The budget submission proposes a 7-percent surcharge on purchases from the stock fund and a 7-cents-a-gallon increase in POL purchased from the stock fund. The committee believes that the principle of providing this surcharge flexibility is sound but the requirement is overstated for fiscal year 1977 and, therefore, believes the allowances should be held to 5 percent in surcharge and 4 cents a gallon in POL. This decision is reflected in a reduction of $219 million throughout the O&M accounts.

In line with its principle of emphasizing combat readiness, the committee has reduced by 50 percent budget authority required for various stock funds to allow for the procurement of War Reserve Material. While desirable, these procurements can be slowed to allow shifting funds to items of higher priority. This results in a reduction of $179 million in budget authority.

The action of the House-Senate conference on H.R. 49 will have the effect of leaving operating Naval Petroleum Reserves in the control of the Department of Defense. Thus, a projected reduction of $221.3 million in budget authority cannot be made since these activities are not transferred out of the Department of Defense. These amounts, therefore, are included in the total additions necessary for operation and maintenance.

The committee has rejected budget recommendations in the area of personnel which, in the committee's view, would adversely impact on readiness. As a result, the committee recommends an increase of $165.8 million in budget authority for military personnel.

The committee has rejected the President's proposal to reduce the Naval Reserve to 52,000, finding the rationale unacceptable. The committee approved a selected Naval Reserve of 120,000 and has made moderate increases in active Naval personnel (900) and civilian personnel (181) to support this strength level. The committee has also rejected proposals for reducing reserve drill day and administrative pay and reducing reserve drills which the committee believes would adversely affect the morale and readiness of the reserve. An increase of 5,000 in civilian personnel strength is recommended to allow performance of necessary support and maintenance functions in the Air Force. This change is reflected in the new totals recommended for operation and maintenance.

The bulk of the defense weapons-procurement funding is for on-going replacement and modernization programs.

The Committee has provided an increase of $125 million for naval aircraft procurement to continue production of the A6E aircraft, the only all-weather attack aircraft being produced in the free world, and has reduced the Navy weapons-procurement account to reflect a reduction in the procurement of Sparrow missiles.

The committee believes the projected budget authority estimated for the Military Assistance Program trust fund category was overstated in light of subsequent cancellation of anticipated military sales. Therefore, the committee included a reduction in this area of $1.6 billion in budget authority.

In military construction and family housing the committee has adhered to the austere budget approach of the President and, in addition, has made reductions totaling $39.5 million in budget authority.

The committee recommends increasing the funding requirements for civil defense by $38.9 million in budget authority and increasing the budget authority for Selective Service by $18 million. The committee believes the proposed curtailments in these areas were shortsighted in view of the long-range requirements of the United States.

Committee analysis found refinements necessary in the dollar estimates for military retired pay. The projections of retired-pay costs can be adjusted downward by $44 million. At the same time the committee found the projected budget saving of $111.7 million by eliminating the 1-percent "kicker" was overstated. A more correct estimate is $64 million. Therefore, a net saving of $108 million rather than $111.7 million would be realized in the retired-pay account, requiring and addition of $3.7 million to the President's estimate.

GENERAL COMMENTS

The committee would now like to make some general comments about concerns that inform its recommendations on dollar totals.

The committee views its responsibility as determining the level of defense capability needed. Unfortunately, the National Defense Function budget category does not do that. It is publicly stated that $114.9 billion of the federal budget goes for the function of national defense. But much of that $114.9 billion is not related to increasing the future defense capability of the United States.

The defense function category includes over $8 billion for retired pay, approximately $4 billion for military assistance and various amounts for activities ranging from salaries of the Renegotiation Board to education of children overseas which, however worthy, are unrelated to future defense capability. The chairman of this committee has already indicated to the chairman of the Budget Committee his belief that some of these activities should be accounted for in other budget categories more indicative of their functional nature.

The committee would merely emphasize here that a judgment should be made on the basis of the amount of defense capability to be bought.

The committee wishes to make clear that the defense budget it supports here is by no means a "get well" budget. This is a budget which attempts to reverse a downward trend of several years, particularly in the areas of strategic and naval capabilities. There are serious deficiencies in the present capability of our Armed Forces. Our Navy in many respects lags behind the Soviets in surface naval capability. The United States field army in a confrontation would face a Soviet army with a vastly greater number of tanks and vastly superior air defense systems.

By their continued development of powerful strategic missiles, their awesome naval development and their actions in crises areas of the world. The Soviets have given a clear signal that the United States cannot rely on detente as a substitute for deterrence.

The committee is deeply concerned with the continued inadequacy of our R&D effort in the area of near-term naval problems, command and control systems, ground forces' air defense and offensive stragegic systems. The committee believes that restructuring of research and development to address these critical areas is required.

The committee was hampered by the fact that some proposals contained in the President's budget were not submitted in legislative form until this month; some, indeed, have not yet been received. In these cases it has been necessary to recommend leaving funds in the budget when there was a proposed net add-on, or adding funds to the budget when there was a proposed net decrease, so as not to preclude the committee from an opportunity to consider the proposals. Later changes may be indicated as additional parts of the President's legislative program are considered.

The committee would note that in areas where it has increased budget authority for procurement, the impact on outlays is relatively slight. Therefore, attempts to reduce current outlays would not be helped significantly by reducing recommended weapons procurement.

In conclusion, the committee would emphasize above all that the attempt to improve defense capability is a long-term activity. The issue of real growth in this year's defense budget cannot be realistically addressed except in the perspective of overall trends. A comparison of the 1977 budget with that for 1973 reveals that, even with current-year increases, the four-year trend, in terms of real purchasing power, is downward. The fiscal year 1977 defense budget proposes to start reversing that trend in response to an alarming increase in Soviet military capability. The fiscal year 1977 recommendations, therefore, should be looked at as the beginning of a new direction for national defense.

NATIONAL DEFENSE FUNCTION, FISCAL YEAR 1977

[In millions of dollars]

Item	President's budget total		HASC changes		Recommended total	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Procurement: Total, procurement	29,310.4	20,354.0	+1,153.5	+149.5	30,463.9	20,503.5
Special foreign currency program	3.7	4.0			3.7	4.0
R.D.T. & E.: Total, R.D.T. & E	10,854.4	10,435.0	−547.2	−370.8	10,307.2	10,064.2
Committee legislative initiative: R.D.T. & E. emergency fund			+49.0	+24.5	49.0	24.5
Military personnel: Total, military personnel	25,436.2	25,189.0	+165.8	+143.6	25,602.0	25,332.6
Retired military personnel	8,381.7	8,388.0	+3.7	+3.7	8,385.4	8,391.7
Operation and maintenance: Total, operation and maintenance	31,927.5	30,670.0	+542.7	+395.7	32,470.2	31,065.7
Committee legislative initiative: Helicopter training contingency funds			+30.4	+7.6	30.4	7.6
Defensewide contingencies: Total, defensewide contingencies	1,596.3	1,553.0	+25.0	+24.1	1,621.3	1,577.1
O. & M. Defense Civil Preparedness Agency	71.0	70.0	+38.9	+19.4	109.9	89.4
Revolving and management funds: Total, revolving and management	357.9	−144.0	−179.0		178.9	−144.0
Offsetting receipts: Total, offsetting receipts	−158.8	−158.8			−158.8	−158.8
Trust funds: Total, trust funds	9.0	10.4			9.0	10.4
Intragovernmental trust fund, Navy	−6.6	−6.6			−6.6	−6.6
Military construction: Total, military construction	2,276.7	1,825.0	−39.5	−1.0	2,237.2	1,824.0
Family housing, Defense	1,190.3	1,372.0			1,190.3	1,372.0
Military assistance: Total, military assistance	2,515.7	539.0	−1,601.4	+29.0	914.3	568.0
Other Defense-related activities: Total, other Defense-related activities	1,139.2	1,029.0	+11.2	+11.2	1,150.4	1,040.2
Total, Defense function	114,904.6	101,129.1	−346.9	+436.5	114,557.7	101,565.2

Major issue or program	Sheet No.	Cross reference
Aircraft procurement, Army	1-1	5-28
Missile procurement, Army	1-2	5-29
Procurement of weapons and tracked combat vehicles	1-3	5-30
Procurement of ammunition, Army	1-4	5-31
Aircraft procurement, Navy	1-5	5-33
Weapons procurement, Navy	1-6	5-34
Shipbuilding and conversion, Navy	1-7	5-35
Procurement, Marine Corps	1-8	5-36
Aircraft procurement, Air Force	1-9	5-37
Missile procurement, Air Force	1-10	5-39
Other procurement, Air Force	1-11	5-40
R.D.T. & E.:		
Army	1-12	5-43
Navy	1-13	5-44
Air Force	1-14	5-45
Defense agencies	1-15	5-46
Director of test and evaluation, defense	1-16	5-47
Military construction:		
Army	1-17	5-48
Navy	1-18	5-49
Air Force	1-19	5-50
Defense agencies	1-20	5-51
Army National Guard	1-21	5-52
Air National Guard	1-22	5-53
Army Reserve	1-23	5-54
Naval Reserve	1-24	5-55
Air Force Reserve	1-25	5-56
Family Housing, construction	1-26	5-57
Special foreign currency program	1-30	5-62
Military assistance, executive	1-31	5-76
Foreign military credit sales, executive	1-32	5-77
Operating expenses, ERDA	1-33	5-84
Plant and capital, ERDA	1-34	5-85
Contingency for Oct. 1, 1976 pay raise	2-1	
Contingency for military travel allowance	2-2	
Contingency fof later submission of Retirement Modernization Act proposal	2-3	
Contingency for later submission of military trailer allowance proposal	2-4	
Contingency for later submission of nuclear-special pay proposal	2-5	
Contingency for later submission on CIA retirement fund	2-6	
Military personnel:		
Army	3-1	5-1
Navy	3-2	5-2
Air Force	3-3	5-4
Reserve personnel:		
Army	3-4	5-5
Navy	3-5	5-6
Marine Corps	3-6	5-7
Air Force	3-7	5-8
National Guard personnel:		
Army	3-8	5-9
Air Force	3-9	5-10
Retired pay, defense	3-10	5-11
Naval petroleum reserve	3-11	5-24
Miscellaneous stockpile disposal	3-12	5-101
Military personnel:		
Army	5-1	3-1
Navy	5-2	3-2
Marine Corps	5-3	
Air Force	5-4	3-3
Reserve personnel:		
Army	5-5	3-4
Navy	5-6	3-5
Marine Corps	5-7	3-6
Air Force	5-8	3-7
National Guard personnel:		
Army	5-9	3-8
Air Force	5-10	3-9
Retired military personnel	5-11	3-10
Operations and maintenance:		
Army	5-12	
Navy	5-13	
Marine Corps	5-14	
Air Force	5-15	
Defense agencies	5-16	
Army Reserve	5-17	
Navy Reserve	5-18	
Marine Corps Reserve	5-19	
Air Force Reserve	5-20	
Army National Guard	5-21	
Air National Guard	5-22	
Rifle practice, Army	5-23	
Naval petroleum reserve	5-24	3-11
Claims, defense	5-25	
Contingencies, defense	5-26	
Court of Military Appeals, defense	5-27	

68-249 O - 76 - 9

Major issue or program	Sheet No.	Cross reference
Aircraft procurement, Army	5–28	1–1
Missile procurement, Army	5–29	1–2
Procurement of weapons plus tracked combat vehicles	5–30	1–3
Procurement of ammunition, Army	5–31	1–4
Other procurement, Army	5–32	
Aircraft procurement, Navy	5–33	1–5
Weapons procurement, Navy	5–34	1. 6
Shipbuilding and Conversion, Navy	5–35	1–7
Other procurement, Navy	5–36	1–8
Procurement, Marine Corps	5–37	1–9
Aircraft procurement, Air Force	5–38	
Missile procurement, Air Force	5–39	1–10
Other procurement, Air Force	5–40	1–11
Procurement, defense agencies	5–41	
Procurement of aircraft plus missiles, Navy	5–42	
R.D.T. & E.:		
Army	5–43	1–12
Navy	5–44	1–13
Air Force	5–45	1–14
Defense agencies	5–46	1–15
Director of test and evaluation, defense	5–47	1–16
Military construction:		
Army	5–48	1–17
Navy	5–49	1–18
Air Force	5–50	1–19
Defense agencies	5–51	1–20
Army National Guard	5–52	1–21
Air National Guard	5–53	1–22
Army Reserve	5–54	1–23
Naval Reserve	5–55	1–24
Air Force Reserve	5–56	1–25
Family housing	5–57	1–26
O. & M., DCPA	5–61	
Special foreign currency program	5–62	1–30
Defense production guarantee, Navy	5–64	
Army stock fund	5–65	
Navy stock fund	5–66	
Marine Corps stock fund	5–67	
Air Force stock fund	5–68	
Defense stock fund	5–69	
Army industrial fund	5–70	
Navy industrial fund	5–71	
Marine Corps industrial fund	5–72	
Air Force industrial fund	5–73	
Defense industrial fund	5–74	
Air Force management fund	5–75	
Military assistance, executive	5–76	1–31
Foreign military credit sales, executive	5–77	1–32
Emergency security assistance for Israel	5–78	
Foreign military sales fund	5–79	
Salaries and expenses, FPA (GSA)	5–80	
Expenses, Defense Production Act	5–81	
Selective service system	5–82	
Renegotiation board	5–83	
Operating expenses, ERDA	5–84	1–33
Plant and capital, ERDA	5–85	1–34
Offsetting receipts:		
Army	5–86	
Navy	5–87	
Air Force	5–88	
Defense agencies	5–89	
Trust Funds:		
Army	5–90	
Navy	5–91	
Trust revolving funds:		
Army	5–93	
Air Force	5–95	
Intragovernmental trust fund, Navy	5–96	
Military assistance:		
Advances, FMS	5–97	
Offsetting receipts	5–98	
Offsetting receipts, Federal funds	5–100	
GSA:		
Stockpile sales	5–101	3–12
Other	5–102	
Treasury	5–103	

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Aircraft procurement, Army	555.5	18.6	555.5 (0)	18.6 (0)	
Missile procurement, Army	552.4	90.3	552.4 (0)	9.3 (0)	
Procurement of weapons plus tracked combat vehicles.	1,147.9	79.3	1,147.9 (0)	79.3 (0)	
Procurement of ammunition, Army	24.5	1.4	24.5 (0)	1.4 (0)	
Aircraft procurement, Navy	3,032.5	491.3	3,157.5 (+125.0)	511.4 (+20.1)	The committee added additional authorization for procurement of A-6E aircraft. These aircraft are needed to preclude a potentially critical shortfall of A-6's in the early 1980's. The A-6E is the only fully capable all weather attack aircraft in production.
Weapons procurement, Navy	2,239.7	428.7	2,222.7 (−17.0)	425.5 (−3.2)	Committee recommends reduction in total Navy air-to-air missile procurement.
Shipbuilding and conversion, Navy	6,289.5	427.0	7,378.3 (+1,088.8)	579.2 (+152.2)	To achieve a shipbuilding rate and to improve the offensive striking power of the Navy in view of the increasing Soviet naval threat, an increase of $1,088,000,000 is recommended in this program. In addition to the net increase of $1,088,000,000, it is recommended that $1,153.1 billion requested for reserves against claims and escalation on fiscal year 1975 and prior year program be redirected to shipbuilding programs. The recommended amount provides for 4 additional ships, 2 conversions and advance procurement for 4 other ships.
Procurement, Marine Corps	105.1	3.1	105.1 (0)	3.1 (0)	
Aircraft procurement, Air Force	6,344.8	471.4	6,344.8 (0)	471.4 (0)	
Missile procurement, Air Force	1,599.4	424.3	1,599.4 (0)	424.3 (0)	
Other procurement, Air Force	2.9	0	2.0	0	
R.D.T. & E.:					
Army	2,376.3	1,696.3	2,271.3 (−105.0)	1,621.7 (−74.6)	Total reductions effect 30 Army programs. The single major reduction of $26,000,000 deleted all funds for the Army's proposed Aerial Scout helicopter. The total reduction represents a 4 percent decrease in the request. Future R. & D. budgets should be structured to correct deficiencies in the field Army's capabilities.
Navy	3,855.2	2,481.3	3,604.4 (−250.8)	2,322.8 (−158.5)	Total Navy reductions represent a 6 percent decrease in the Navy's request. 9 programs were deleted entirely. The major reductions were for the cruise missile (engineering) and $46,000,000 in the F-18 progarm.)
Air Force	3,916.6	2,879.2	3,749.2 (−167.4)	2,756.6 (−122.6)	The Committee action resulted in a 4 percent decrease in the Air Force request. The major reduction was $45,000,000 for the F-15 squadrons. The E-4 Command Post was reduced by $19,000,000. Major Air Force deficiencies highlighted during the hearings include the absence of an effective all-weather air-to-air missile and a low cost infrared guided missile.
Defense Agencies	676.3	426.7	652.3 (−24.0)	411.6 (−15.1)	The committee action resulted in a decrease of 3 percent from the DoD request. $15,000,000 was reduced from the advanced research projects Agencies request of $246,000,000; $6,000,000 from the National Security Agency (total request classified); $1,500,000 each from the Defense Communications Agency and Defense Mapping Agency.

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977—Continued

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Director of test and evaluation, Defense	30.0	10.5	30.0 (0)	10.5 (0)	
Military construction:					
Army	592.0	25.1	554.9 (−37.1)	23.7 (−1.4)	Reduction represents net effect of committee deletions of some projects for various reasons and addition of several nonbudgeted projects where testimony determined their priority great enough to be funded in fiscal year 1977.
Navy	526.9	27.2	512.1 (−14.8)	26.5 (−.7)	Reduction represents net effect of committee deletions of some projects for various reasons and additions of several nonbudgeted projects where testimony proved their priority high enough to be funded in fiscal year 1977.
Air Force	730.2	30.7	731.0 (+.8)	30.7 (0)	Addition is net effect of committee deletions of several projects for various reasons and additions of several nonbudgeted projects where testimony proved their priority high enough for funding in fiscal year 1977.
Defense agencies	64.6	2.5	38.6 (−26.0)	1.8 (−.7)	Several projects were deferred and $20,000,000 cut from the Secretary of Defense's emergency construction fund.
Army National Guard	40.8	2.7	54.7 (+13.9)	3.5 (+.8)	Amounts added reflect a minimum total needed for National Guard to carry out its mission.
Air National Guard	24.3	1.6	33.9 (+9.6)	2.1 (+.5)	Amounts added reflect a minimum total needed for Air National Guard to carry out its mission.
Army Reserve	37.7	2.3	44.5 (+6.8)	2.6 (+.3)	Amounts added reflect a minimum total needed for Army Reserve to carry out its mission.
Naval Reserve	15.3	.6	21.8 (+6.5)	.8 (+.2)	Amounts added reflect a minimum total needed for Naval Reserve to carry out its mission.
Air Force Reserve	9.0	1.0	9.8 (+.8)	1.0 (0)	Amounts added reflect a minimum total needed for Air Force Reserve to carry out its mission.
Family housing, Defense	1,190.3	821.2	1,190.3 (0)	821.2 (0)	
Special foreign currency program	3.7	0	3.7 (0)	0 (0)	
Military assistance, executive	309.9	159.5	326.9 (+17.0)	176.5 (+17.0)	Change reflects revision of figures by the executive branch.
Foreign military credit sales, executive	840.0	572.0	852.0 (+12.0)	584.0 (+12.0)	Do.
Public Works for Water and Power Development and Energy Research Appropriation Act Operating expenses, ERDA	1,558.1	1,073.6	1,558.1 (0)	1,073.6 (0)	
Public Works for Water and Power Development and Energy Research Appropriation Act Plant and capital, ERDA	385.2	208.0	385.2 (0)	208.0 (0)	

II. PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

Contingency for Oct. 1, 1976 pay raise (to be submitted).	1,432.8	1,390.0	1,484.8 (+52.0)	1,441.1 (+51.1)	Committee recommendation reflects acceptance by the Committee of proposed Presidential pay cap as reflected in the budget to apply to military, civil service General Schedule and Wage Board employees. The committee recommendation is contingent upon uniform approach to a pay cap being applied to civil service employees and military personnel. The addition of $52,000,000 in the committee recommendation reflects the rejection at this time of the President's proposed change in the formula for applying military comparability pay raises so as to apply a greater amount to quarters allowance and a lesser amount to basic pay. The proposal was not received in time for the Committee to make a judgment. Should the committee, after deliberation, determine that the proposal is justified, it could at that time indicate a budget saving. A decision cannot be made at this time.
Military and civilian general schedule at 4.7 percent.	(1,397.5)	(1,356.0)	----------	----------	
Wage Board at 3.4 percent	(35.3)	(34.0)	----------	----------	
Contingency for military travel allowance: increasing maximum rates per diem from $25 to $35 and up to $50 in high cost areas.	107.2	106.7	107.2 (0)	106.7 (0)	The legislation to effect the increase in per diem, H.R. 8089, has been passed by the House of Representatives.
Contingency for later submission of Retirement Modernization Act proposal.	40.0	40.0	13.0 (−27.0)	13.0 (−27.0)	The Retirement Modernization Act has not yet been considered by the committee. It is complex legislation which will require extensive hearings in both Houses. The committee believes, therefore, that an effective date of Oct. 1, 1977, would be more realistic than the proposed effective date of July 1, 1977, which is the basis for the request of $40,000,000 in fiscal year 1977. However, an estimated $13,000,000 will be required for severance-pay provisions of the Defense Officer Personnel Management Act (DOPMA). These severance-pay provisions were originally included in RMA and have been transferred to DOPMA by subcommittee action. Therefore, it is recommended that the proposed request be reduced to $13,000,000.
Contingency for later submission of military trailer allowance proposal (to insure service members are not financially penalized for owning mobile homes.)	11.4	11.4	11.4 (0)	11.4 (0)	The proposal to increase the military trailer allowance has not been received by the committee. It is recommended that the money be left in the budget estimate so as to give the committee an opportunity to have the legislation considered.
Contingency for later submission of nuclear-special pay proposal.	4.9	4.9	4.9 (0)	4.9 (0)	Hearings have been completed on legislation, H.R. 10451, to provide special pay for nuclear qualified officers and the bill is expected to be reported out of subcommittee in the near future.
Contingency for later submission on CIA retirement fund.	28.3	28.3	28.3 (0)	28.3 (0)	

III. PRESIDENT'S BUDGET REQUESTS FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[Please include planned legislative response to proposed Presidential administrative actions which may affect the President's fiscal year 1977 request; see 2d hypothetical below.]

Military personnel:				
Army: Proposal to implement new salary system for cadets at U.S. Military Academy.	−.7	−.7	−.7 (0)	−.7 (0)
Navy: Proposal to implement new salary system for Midshipmen at U.S. Naval Academy.	−.7	−.7	−.7 (0)	−.7 (0)
Air Force: Proposal to implement new salary system for cadets at U.S. Air Force Academy.	−.7	−.7	−.7 (0)	−.7 (0)

III. PRESIDENT'S BUDGET REQUESTS FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977—Con.

[Please include planned legislative response to proposed Presidential administrative actions which may affect the President's fiscal year 1977 request; see 2d hypothetical below.]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Reserve Personnel:					
Army: Proposals to—					
(1) Eliminate dual compensation for Federal employees on Reserve active duty for training.	−10.1 (−9.49)	−10.1 (−9.49)	(+10.1)	(+10.1)	The increased amount represents the committee's decision not to concur with the proposal to eliminate "dual compensation" for Federal employees on active duty for training with the Reserves because of the severe impact on morale and recruiting on the affected reservists and primarily the lower grade technicians in reserve units.
(2) Eliminate admin. pay for Reserve unit commanders.	(−.6)	(−.6)	----------	----------	The committee did not concur in the proposal to eliminate administrative duty pay for Reserve unit commanders. The amount provided for performance of administrative duties is inadequate at the current level and the termination of this amount would have a negative impact on the morale of these commanders in the leadership position.
Navy: Proposals to—					
(1) Eliminate dual compensation for Federal employees on Reserve A. D. for training;	−3.1 (−2.812)	−3.1 (−2.812)	0 (+3.1)	0 (+3.1)	The increased amount represents the committee's decision not to concur with the proposal to eliminate "dual compensation" for Federal employees on active duty for training with the Reserves because of the severe impact on morale and recruiting on the affected reservists and primarily the lower grade technicians in Reserve units.
(2) Eliminate administrative pay for Reserve unit commanders.	(−.303)	(−.303)	----------	----------	The committee did not concur in the proposal to eliminate administrative duty pay for Reserve unit commanders. The amount provided for performance of administrative duties is inadequate at the current level and the termination of this amount would have a negative impact on the morale of these Reserve commanders in the leadership position.
Marine Corps: Proposals to—					
(1) Eliminate dual compensation for Federal employees on Reserve active duty for training.	−1.0 (−.97)	−1.0 (−.97)	0 (+1.0)	0 (+1.0)	The increased amount represents the committee's decision not tc concur with the proposal tc eliminate "dual compensation" for Federal employees on active duty for training with the Reserves because of the severe impact on morale and recruiting on the affected Reservists and primarily the lower grade technicians in Reserve units.
(2) Eliminate administration pay for Reserve unit commanders.	(−.06)	(−.06)	----------	----------	The committee did not concur in the proposal to eliminate administrative duty pay for Reserve unit commanders. The amount provided for performance of administrative duties is inadequate at the current level and the termination of this amount would have a negative impact on the morale of these Reserve commanders in the leadership position.
Air Force: Proposals to—					
(1) Eliminate dual compensation for Federal employees on Reserve active duty for training.	−3.7 (−3.695)	−3.7 (−3.695)	0 (+3.7)	0 (+3.7)	The increased amount represents the committee's decision not to concur with the proposal to eliminate "dual compensation" for Federal employees on active duty for training with the Reserves because of the severe impact on morale and recruiting on the affected reservists and primarily the lower grade technicians in Reserve units.
(2) Eliminate administrative pay for Reserve unit commanders.	(−.042)	(−.042)	----------	----------	The committee did not concur in the proposal to eliminate administrative duty pay for Reserve unit commanders. The amount provided for performance of administrative duties is inadequate at the current level and the termination of this amount would have a negative impact on the morale of these Reserve commanders in the leadership position.
National Guard Personnel:					
Army: Proposals to—					
(1) Eliminate dual compensation for Federal employees on active duty for training as guardsmen.	−28.7 (−19.208)	−28.7 (−19.208)	0 (+28.7)	0 (+28.7)	The increased amount represents the committee's decision not to concur with the proposal to eliminate "dual compensation" for Federal employees on active duty for training with the Reserves because of the severe impact on morale and recruiting on the affected Reservists and primarily the lower grade technicians in Reserve units. The committee did not concur in the proposal to eliminate administrative duty pay for

(2) Eliminate administrative pay for National Guard unit commanders.	(−1.057)	(−1.057			Reserve unit commanders. The amount provided for performance of administrative duties is inadequate at the current level and the termination of this amount would have a negative impact on the morale of these Reserve commanders in the leadership position.
Utilization of lower training categories that currently authorized.	(−8.4)	(−8.4)			The committee also did not concur in the proposal which would have allowed a reduction in the National Guard components from the current requirement for 48 drills annually. The Army and Air National Guard are oriented almost entirely toward units with combat missions and it would be inappropriate to allow a reduction in the number of drills for such demanding missions.
Air Force: Proposals to—	−13.1	−13.1	0 (+13.1)	0 (+13.1)	The increased amount represents the committee's decision not to concur with the proposal to eliminate "dual compensation" for Federal employees on active duty for training with the Reserves because of the severe impact on morale and recruiting on the affected reservists and primarily the lower grade technicians in Reserve units.
(1) Eliminate dual compensation for Federal employees on AD for training as guardsmen.	(−8.825)	(−8.825)			
(2) Eliminate administrative pay for AFNG unit commanders.	(−.045)	(−.045)			The committee did not concur in the proposal to eliminate administrative duty pay for Reserve unit commanders. The amount provided for performance of administrative duties is inadequate at the current level and the termination of this amount would have a negative impact on the morale of these Reserve commanders in the leadership position.
(3) Utilization of lower training categories than currently authorized.	(−4.8)	(−4.8)			The committee also did not concur in the proposal which would have allowed a reduction in the National Guard components from the current requirement for 48 drills annually. The Army and Air National Guard are oriented almost entirely toward units with combat missions and it would be inappropriate to allow a reduction in the number of drills for such demanding missions.
Retired pay, defense: Proposal to modify method of determining cost-of-living increases (elimination of 1 percent "kicker").	−111.7	−111.7	−64.0 (+47.7)	−64.0 (+47.7)	Committee revision reflects the committee support of the elimination of the 1 percent "kicker" in retiree pay raises in fiscal year 1977. Reanalysis by the committee indicates the saving in fiscal year 1977 by elimination of the "kicker" will be $64,000,000 rather than $111,700,000 contained in the President's budget. The committee concurrence in elimination of the 1 percent "kicker" in this budget is contingent upon like action being taken for civilian Government retirees.
Naval Petroleum Reserve: Proposal to eliminate appropriations from general fund to support program. Funding to be from funds appropriated to the President.	−221.3	−135.0	0 (+221.3)	0 (+135.0)	These funds have to be restored to the defense function as a result of conference action on H.R. 49.
Miscellaneous stockpile disposal: Proposal to dispose of surplus materials in strategic and critical materials stockpile in excess of defense needs (legislation to be submitted).	−746.0	−746.0	−746.0 (0)	−746.0 (0)	The details of the proposed disposal action have not been received by the committee. Therefore its assumption regarding favorable legislative action is conditioned upon receiving factual data from the executive branch that these materials are in fact excess to our mobilization requirements.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In millions of dollars]

Director of defense research and engineering emergency fund	49.0 (+49.0)	24.5 (+24.5)	The committee approved the establishment of an emergency fund under the cognizance of D.D.R. & E.: $15,000,000 to repower the F–14 aircraft; $15,000,000 to develop a common all-weather air-to-air missile; $8,000,000 to refurbish USS BELKNAP; $11,000,000 to implement the installation of an Aegis system aboard the U.S.S. Longbeach.
Helicopter pilot training programs	30.4	7.6	The budget incorporates an administrative reduction of 30,400,000 in various accounts due to a planned interservice consolidation of undergraduate helicopter pilot training programs. The committee does not feel it appropriate to make a final decision on consolidation on the basis of the evidence available. The committee thus contemplates legislation to restore funds necessary to enable the separate branches of the service to maintain training facilities tailored to their peculiar requirements.

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Military personnel:					
Army	8,642.9	8,534.7	8,642.9	8,534.7	
Navy	6,055.7	6,086.7	6,060.6 (+4.9)	6,091.5 (+4.8)	The committee considers the amount requested necessary for the projected level of Naval forces in fiscal year 1977. The increased funds requested for 12,000 additional personnel in fiscal year 1977 are necessary to man the new ships entering the fleet, and increase the manning level of ships currently in the fleet. In recommending an increase in strength for the Naval Reserve, an additional 904 active military personnel will be restored to man Reserve training centers associated with the training of these personnel.
Marine Corps	1,883.9	1,870.0	1,883.9 (0)	1,870.0 (0)	
Air Force	7,169.6	7,060.7	7,169.6 (0)	7,060.7 (0)	
Reserve personnel:					
Army	447.7	420.1	456.0 (+8.3)	425.5 (+5.4)	The committee considers the amount requested as adequate to properly support the personnel strength required by its assigned mission for this Reserve component. The increased amount was considered necessary in order to improve the recruitment of high quality nonprior service personnel, and to enhance the overall military readiness of the individual units by improving their training programs.
Navy	153.4	144.1	220.6 (+67.2)	201.5 (+57.4)	The paid-drill strength was increased from the requested level of 52,000 to a level of 102,000 which represents the necessary strength based on actual requirements for currently trained and available reserve augmentation personnel. This amount also represents an effort to enhance the overall military readiness of the individual units by improving their training programs.
Marine Corps	77.1	76.0	78.1 (+1.0)	76.9 (+.9)	The committee considers the amount requested as adequate to properly support the personnel strength required by its assigned mission for this Reserve component. The increased amount was considered necessary in order to improve the recruitment of high quality nonprior service personnel, and to enhance the overall military readiness of the individual units by improving their training programs
Air Force	157.0	157.7	162.6 (+5.6)	162.4 (+4.7)	The committee considers the amount requested as adequate to properly support the personnel strength required by its assigned mission for this Reserve component. The increased amount was considered necessary in order to improve the recruitment of high quality nonprior service personnel, and to enhance the overall military readiness of the individual units by improving their training programs.
National Guard personnel: Army	699.6	690.7	715.3 (+15.7)	699.7 (+9.0)	The committee considers the amount requested as adequate to properly support the personnel strength required by its assigned mission for this Reserve component. The increased amount was considered necessary in order to improve the recruitment of high quality nonprior service personnel, and to enhance the overall military readiness of the individual units by improving their training programs.
National Guard personnel, Air Force	211.1	210.1	214.5 (+3.4)	211.8 (+1.7)	The committee considers the amount requested as adequate to properly support the personnel strength required by its assigned mission for this Reserve component.

					The increased amount was considered necessary in order to improve the recruitment of high quality nonprior service personnel, and to enhance the overall military readiness of the individual units by improving their training programs.
Retired military personnel	8,493.4	8,499.7	8,449.4 (−44.0)	8,455.7 (−44.0)	Reduction of $44,000,000 in the amouunt requested for retired pay for military personnel reflects a reanalysis of the impact of projected retired-pay increases. The trend in the consumer price index indicates the 2 retiree pay raises projected in the budget will each occur 1 mo later than estimated.
Operation and maintenance:					
Army	8,060.4	7,888.0	8,124.4 (+64.0)	7,943.3 (+55.3)	The increase in the O. & M. account reflects the committee's decision to increase the funding for activities under the general heading "Depot maintenance" which directly contribute to improved readiness of combat forces and at the same time to reduce the proposed 7 percent surcharge on stock-fund purchases to 5 percent and reduce the proposed 7-cent-a-gallon increase on POL purchases sold out of the stock funds to 4 cents a gallon. It also reflects the committee's decision to reject the President's proposal for a change in funding for military commissaries.
Navy	9,660.8	8,871.0	9,854.4 (+193.6)	9,026.3 (+155.3)	The increase in the O. & M. account reflects the committee's decision to increase the funding for activities under the general heading "Depot maintenance" which directly contribute to improved readiness of combat forces and at the same time to reduce the proposed 7 percent surcharge on stock-fund purchases to 5 percent and reduce the proposed 7 cents-a-gallon increase on POL purchases sold out of the stock funds to 4 cents a gallon. It also reflects the committee's decision to reject the President's proposal for a change in funding for military commissaries.
Marine Corps	580.4	540.0	583.0 (+2.6)	542.2 (+2.2)	The increase in the O.& M. account reflects the committee's decision to increase the funding for activities under the general heading "Depot maintenance" which directly contribute to improved readiness of combat forces and at the same time to reduce the proposed 7 percent surcharge on stock-fund purchases to 5 percent and reduce the proposed 7 cents-a-gallon increase on POL purchases sold out of the stock funds to 4 cents a gallon. It also reflects the committee's decision to reject the President's proposal for a change in funding for military commissaries.
Air Force	8,224.7	7,996.0	8,297.4 (+72.7)	8,060.7 (+64.7)	The increase in the O. & M. account reflects the committee's decision to increase the funding for activities under the general heading "Depot maintenance" which directly contribute to improved readiness of combat forces and at the same time to reduce the proposed 7 percent surcharge on stock-fund purchases to 5 percent and reduce the proposed 7 cents-a-gallon increase on POL purchases sold out of the stock funds to 4 cents a gallon. It further reflects the addition of $41,000,000 to fund an additional 5,000 personnel for the Air Force as will be provided in the authorization for Defense Department civilian strength.
Defense Agencies	2,765.3	2,724.0	2,764.3 (−1.0)	2,723.0 (−1.0)	A review indicates that the budget submission for the Defense Nuclear Agency in the amount of $10,900,000 for Johnson Atoll can be reduced to $9,900,000. The budget submissions for other Defense Agencies are unchanged.
Army Reserve	375.1	369.0	374.4 (−.7)	362.7 (−6.3)	Change reflects committee recommendations to increase depot maintenance funds and to reduce funding for stock fund surcharge.
Navy Reserve	294.6	279.0	297.4 (+2.8)	281.0 (+2.0)	Change reflects committee recommendations to increase depot maintenance funds and to reduce funding for stock fund surcharge and to fund additional civilian personnel in support of the Naval Reserve.
Marine Corps Reserve	14.8	13.0	14.8 (0)	13.0 (0)	
Air Force Reserve	358.6	362.0	356.4 (−2.2)	359.9 (−2.1)	Change reflects committee recommendations to increase depot maintenance funds and to reduce funding for stock fund surcharge.
Army National Guard	719.2	710.0	717.6 (−1.6)	708.6 (−1.4)	Change reflects committee recommendations to increase depot maintenance funds and to reduce funding for stock fund surcharge.
Air National Guard	784.6	787.0	775.8 (−8.8)	779.0 (−8.0)	Change reflects committee recommendations to increase depot maintenance funds and to reduce funding for stock fund surcharge.

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977—Continued

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Rifle Practice, Army	0.3	0.3	0.3 (0)	0.3 (0)	
Naval Petroleum Reserve	221.3	131.0	221.3 (0)	181.0 (0)	
Claims, Defense	82.5	81.0	82.5 (0)	81.0 (0)	
Contingencies, Defense	5.0	2.5	5.0 (0)	2.5 (0)	
Court of Military Appeals, Defense	1.2	1.2	1.2 (0)	1.2 (0)	
Aircraft procurement, Army		121.4		121.4 (0)	
Missile procurement, Army		403.7		403.7 (0)	
Procurement of weapons and tracked combat vehicles.		634.7		634.7 (0)	
Procurement of ammunition, Army	886.3	821.6	886.3 (0)	821.6 (0)	
Other procurement, Army	1,417.9	844.0	1,417.9 (0)	844.0 (0)	
Aircraft procurement, Navy		2,511.7		2,511.7 (0)	
Weapons procurement, Navy		770.3		770.3 (0)	
Shipbuilding and conversion, Navy		3,145.0		3,145.0 (0)	
Other procurement, Navy	2,192.8	1,698.0	2,192.8 (0)	1,698.0 (0)	
Procurement, Marine Corps	232.6	187.9	232.6 (0)	187.9 (0)	
Aircraft procurement, Air Force		3,441.6		3,441.6 (0)	
Missile procurement, Air Force		1,073.7		1,073.7 (0)	
Other procurement, Air Force	2,422.0	2,017.0	2,378.7 (−43.3)	1,997.4 (−19.6)	The committee was not satisfied with the justification given for certain categories within this account. The reduction amounts to 12½ percent of the increased funds requested ($345,000,000) over the final fiscal year 1976 authorization.
Procurement, Defense Agencies	264.6	193.0	264.6 (0)	193.0 (0)	
Procurement of aircraft and missiles, Navy		55.0		55.0 (0)	

R.D.T. & E.:				
Army		590.7	----------	590.7 (0)
Navy		1,525.7	----------	1,525.7 (0)
Air Force		554.8	----------	554.8 (0)
Defense Agencies		254.3	----------	254.3 (0)
Director of test and evaluation, Defense		15.5	----------	15.5 (0)
Military construction:				
Army	57.5	610.9	57.5 (0)	610.9 (0)
Navy	68.3	561.8	68.3 (0)	561.8 (0)
Air Force	72.1	359.3	72.1 (0)	359.3 (0)
Defense Agencies	16.5	26.5	16.5 (0)	26.5 (0)
Army National Guard	6.4	49.3	6.4 (0)	49.3 (0)
Air National Guard	3.3	45.4	3.3 (0)	45.4 (0)
Army Reserve	9.3	39.7	9.3 (0)	39.7 (0)
Naval Reserve	1.5	25.4	1.5 (0)	25.4 (0)
Air Force Reserve	1.0	13.0	1.0 (0)	13.0 (0)
Family housing, Defense		550.8	----------	550.8 (0)
O. & M., DCPA	71.0	70.0	109.9 (+38.9)	89.4 (+19.4)

The increase in the fiscal year 1977 budget authorization will allow the Defense Civil Preparedness Agency to provide a level of support to State and local civil defense organizations based upon their requirements, including recognition of the fact that the program inherently provides a natural disaster bonus beyond its basic national security purpose. These State and local civil defense organizations are responsible for developing the actual operating civil defense capability in the localities throughout the country. Further, the increase will allow DCPA to maintain essential, current civil defense programs for warning and in-place protection of population and provide needed funds for developing plans to give the United States an option to relocate population from high risk areas in time of crisis. The crisis relocation program has a potential for saving the greatest number of lives in case of an attack. Also, DCPA would be able to implement a responsive program to provide civil defense information and education to the public.

Special foreign currency program		4.0	----------	4.0 (0)
Defense production guarantee, Navy		.2	----------	.2 (0)

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977—Continued

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Army stock fund	100.0	−8.6	50.0 (−50.0)	−8.6 (0)	Reduction reflects the committee decision to reduce by 50 percent the funds requested for the various stock funds which are in each case for the procurement of war-reserve materiel. The committee believes that a slower rate of buildup towards the WRM inventory requirements is justified in view of the higher-priority requirements in areas of the higher-priority requirements in areas of the budget more directly related to immediate readiness.
Navy stock fund	32.0	−30.1	16.0 (−16.0)	−30.1 (0)	Reduction reflects the committee decision to reduce by 50 percent the funds requested for the various stock funds which are in each case for the procurement of war-reserve materiel. The Committee believes that a slower rate of buildup towards the WRM inventory requirements is justified in view of the higher-priority requirements in areas of the budget more directly related to immediate readiness.
Marine Corps stock fund	8.6	6.4	4.3 (−4.3)	6.4 (0)	Reduction reflects the committee decision to reduce by 50 percent the funds requested for the various stock funds which are in each case for the procurement of war-reserve materiel. The Committee believes that a slower rate of buildup toward the WRM inventory requirements is justified in view of the higher-priority requirements in areas of the budget more directly related to immediate readiness.
Air Force stock fund	76.7	−84.7	38.3 (−38.4)	−84.7 (0)	Reduction reflects the committee decision to reduce by 50 percent the funds requested for the various stock funds which are in each case for the procurement of war-reserve materiel. The committee believes that a slower rate of buildup toward the WRM inventory requirements is justified in view of the higher-priority requirements in areas of the budget more directly related to immediate readiness.
Defense Stock fund	140.6	−21.8	70.3 (−70.3)	−21.8 (0)	Reduction reflects the committee decision to reduce by 50 percent the funds requested for the various stock funds which are in each case for the procurement of war-reserve materiel. The committee believes that a slower rate of buildup toward the WRM inventory requirements is justified in view of the higher-priority requirements in areas of the budget more directly related to immediate readiness.
Army industrial fund		−11.4		−11.4 (0)	
Navy industrial fund		17.5		17.5 (0)	
Marine Corps industrial fund		.6		.6 (0)	
Air Force industrial fund		−3.4		−3.4 (0)	
Defense industrial fund		−7.7		−7.7 (0)	
Air Force management fund		−1.0		−1.0 (0)	
Military assistance, executive		236.5		236.5 (0)	

Foreign military credit sales, executive		123.0		123.0 (0)	
Emergency security assistance for Israel		24.5		24.5 (0)	
Foreign military sales fund		−11.9		−11.9 (0)	
Salaries and expenses, FPA (GSA)	16.4	15.8	16.4 (0)	15.8 (0)	
(Treasury, Postal Service, and General Government Appropriation Act)					
Expenses, Defense Production Act	10.5	10.5	10.5 (0)	10.5 (0)	
(Treasury, Postal Service, and General Government Appropriation Act)					
Selective Service System	6.8	8.3	18.0 (+11.2)	19.5 (+11.2)	Increase based on committee recommendation after review of Reserve shortfall in mobilization plans in subcommittee hearings.
(HUD—Independent Agencies Appropriation)					
Renegotiation Board	6.4	6.3	6.4 (0)	6.3 (0)	
(Departments of State, Justice, Commerce, the Judiciary, and Related Agencies Appropriation Act)					
Operating expenses, ERDA		448.0		448.0 (0)	
(Public Works for Water and Power Development and Energy Research Appropriation Act)					
Plant and capital, ERDA		103.2		103.2 (0)	
(Public Works for Water and Power Development and Energy Research Appropriation Act)					
Department of Defense:					
Offsetting receipts, Army	−49.8	−49.8	−49.8 (0)	−49.8 (0)	
Offsetting receipts, Navy	−41.6	−41.6	−41.6 (0)	−41.6 (0)	
Offsetting receipts, Air Force	−43.0	−43.0	−43.0 (0)	−43.0 (0)	
Offsetting receipts, Defense Agencies	−24.4	+24.4	−24.4 (0)	−24.4 (0)	
Trust funds, Army	.2	.2	.2 (0)	.2 (0)	
Trust funds, Navy	8.8	7.0	8.8 (0)	7.0 (0)	
Trust revolving funds, Army		5.9		5.9 (0)	
Trust revolving funds, Air Force		−2.7		−2.7 (0)	
Intragovernmental trust fund, Navy	−6.6	−6.6	−6.6 (0)	−6.6 (0)	

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977—Continued

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Military assistance:					
Advances, FMS	8,930.4	7,000.0	6,900.0 (−2,030.4)	6,600.0 (−400.0)	Change reflects revised committee estimate in light of subsequent cancellation of anticipated military sales.
Offsetting receipts	7,200.0	−7,200.0	−6,800.0 (+400.0)	−6,800.0 (+400.0)	Do.
Offsetting receipts, Federal funds	−364.6	−364.6	−364.4 (0)	−364.6 (0)	
GSA:					
Stockpile	−124.0	−124.0	−124.0 (0)	−124.0 (0)	
Other		−.5		−.5 (0)	
Treasury (under military assistance)	−2.5	−2.5	−2.5 (0)	−2.5 (0)	

MASTER TABLE—REQUEST BY MAJOR BUDGET CATEGORIES

[Dollars in millions]

Item	Requests subject to HASC authorization		Requests requiring prior legislative action		Requests not subject to HASC authorization		Outlays from prior year budget authority	President's budget total		HASC changes		Recommended total	
	Budget authority	Current year outlays	Budget authority	Current year outlays	Budget authority	Current year outlays		Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Procurement:													
Aircraft procurement, Army	$555.5	$18.6					$121.4	$555.5	$140.0			$555.5	$140.0
Missile procurement, Army	552.4	90.3					403.7	552.4	494.0			552.4	494.0
Procurement of weapons and tracked combat vehicles	1,147.9	79.3					634.7	1,147.9	714.0			1,147.9	714.0
Procurement of ammunition, Army	[1] 24.5	1.4			$886.3	$54.1	770.5	910.8	823.0			910.8	823.0
Other procurement, Army					1,417.9	206.3	637.7	1,417.9	844.0			1,417.9	844.0
Aircraft procurement, Navy	3,032.5	491.3					2,511.7	3,032.5	3,003.0	+$125.0	+$20.1	3,157.5	[2] 3,023.1
Weapons procurement, Navy	2,239.7	428.7					770.3	2,239.7	1,199.0	−17.0	−3.2	2,222.7	[3] 1,195.8
Shipbuilding and conversion, Navy	6,289.5	427.0					3,145.0	6,289.5	3,572.0	+1,088.8	+152.2	7,378.8	[4] 3,724.2
Other procurement, Navy					2,192.8	330.7	1,367.3	2,192.8	1,698.0			2,192.8	1,698.0
Procurement, Marine Corps	105.1	3.1			232.6	6.7	181.2	337.7	191.0			337.7	191.0
Aircraft procurement, Air Force	6,344.8	471.4					3,441.6	6,344.8	3,913.0			6,344.8	3,913.0
Missile procurement, Air Force	1,599.4	424.3					1,073.7	1,599.4	1,498.0			1,599.4	1,498.0
Other procurement, Air Force	2.9				2,422.0	1,096.8	920.2	2,424.9	2,017.0	−43.3	−19.6	2,381.6	[5] 1,997.4
Procurement, Defense agencies					264.6	85.7	107.3	264.6	193.0			264.6	193.0
Procurement of aircraft and missiles, Navy							55.0		55.0				55.0
Total procurement	21,894.2	2,435.4			7,416.2	1,777.3	16,141.3	29,310.4	20,354.0	+1,153.5	+149.5	30,463.9	20,503.5
Special foreign currency program	3.7						4.0	3.7	4.0			3.7	4.0
R.D.T. & E.:													
Army	2,376.3	1,696.3					590.7	2,376.3	2,287.0	−105.0	−74.6	2,271.3	[6] 2,212.4
Navy	3,855.2	2,481.3					1,525.7	3,855.2	4,007.0	−250.8	−158.5	3,604.4	[7] 3,848.5
Air Force	3,916.6	2,879.2					554.8	3,916.6	3,434.0	−167.4	−122.6	3,749.2	[8] 3,311.4
Defense agencies	676.3	426.7					254.3	676.3	681.0	−24.0	−15.1	652.3	[9] 665.9
Director, T. & E. Defense	30.0	10.5					15.5	30.0	26.0			30.0	26.0
Total, R.D.T. & E	10,854.4	7,494.0					2,941.0	10,854.4	10,435.0	−547.2	−370.8	10,307.2	[10] 10,064.2

See footnotes on p. 140.

MASTER TABLE—REQUEST BY MAJOR BUDGET CATEGORIES—Continued

[Dollars in millions]

Item	Requests subject to HASC authorization		Requests requiring prior legislative action		Requests not subject to HASC authorization		Outlays from prior year budget authority	President's budget total		HASC changes		Recommended total	
	Budget authority	Current year outlays	Budget authority	Current year outlays	Budget authority	Current year outlays		Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Military personnel:													
Military personnel:													
Army			−$0.7	−$0.7	8,642.9	8,500.3	34.4	8,642.2	8,534.0			8,642.2	8,534.0
Navy			−.7	−.7	6,055.7	5,948.1	138.6	6,055.0	6,086.0	+4.9	+4.8	6,059.9	6,090.8
Marine Corps					1,883.9	1,809.5	60.5	1,883.9	1,870.0			1,883.9	1,870.0
Air Force			−.7	−.7	7,169.6	6,953.7	107.0	7,168.9	7,060.0			7,168.9	7,060.0
Reserve personnel:													
Army			−10.1	−10.1	447.7	378.3	41.8	437.6	410.0	+18.4	+15.5	465.0	[11] 425.5
Navy			−3.1	−3.1	153.4	132.5	11.6	150.3	141.0	+70.3	+60.5	220.6	201.5
Marine Corps			−1.0	−1.0	77.1	71.0	5.0	76.1	75.0	+2.0	+1.9	78.1	76.9
Air Force			−3.7	−3.7	157.0	141.8	15.9	153.3	154.0	+9.3	+8.4	162.6	162.4
National Guard personnel:													
Army			−28.7	−28.7	699.6	599.3	91.4	670.9	662.0	+44.4	+37.7	715.3	699.7
Air Force			−13.1	−13.1	211.1	191.3	18.8	198.0	197.0	+16.5	+14.8	214.5	211.8
Total, military personnel			−61.7	−61.7	25,497.9	24,725.8	525.0	25,436.2	24,189.0	+165.8	+143.6	25,602.0	25,332.6
Total, retired military personnel			−111.7	−111.7	8,493.4	8,481.7	18.0	8,381.7	8,388.0	+3.7	+3.7	8,385.4	[12] 8,391.7
Operation and maintenance:													
Army					8,060.4	6,967.2	920.8	8,060.4	7,888.0	+64.0	+55.3	8,124.4	7,943.3
Navy					9,660.8	7,749.0	1,122.0	9,660.8	8,871.0	+193.6	+155.3	9,854.4	9,026.3
Marine Corps					580.4	492.8	47.2	580.4	540.0	+2.6	+2.2	583.0	542.2
Air Force					8,224.7	7,315.2	680.8	8,224.7	7,996.0	+72.7	+64.7	8,297.4	[13] 8,060.7
Defense agencies					2,765.3	2,521.1	202.9	2,765.3	2,724.0	−1.0	−1.0	2,764.3	2,723.0
Army Reserve					375.1	338.6	30.4	375.1	369.0	−.7	−6.3	374.4	362.7
Navy Reserve					294.6	210.6	68.4	294.6	297.0	+2.8	+2.0	297.4	281.0
Marine Corps Reserve					14.8	9.4	3.6	14.8	13.0			14.8	13.0
Army Force Reserve					358.6	337.6	24.4	358.6	362.0	−2.2	−2.1	356.4	359.9
Army National Guard					719.2	641.0	69.0	719.2	710.0	−1.6	−1.4	717.6	708.6
Air National Guard					784.6	715.7	71.3	784.6	787.0	−8.8	−8.0	775.8	779.0
Rifle practice, Army					.3	.3		.3	.3			.3	.3
Naval Petroleum Reserve			−221.3	−135.0	221.3	135.0	46.0		46.0	+221.3	+135.0	221.3	[14] 181.0
Claims, Defense					82.5	80.4	.6	82.5	81.0			82.5	81.0
Contingencies, Defense					5.0	1.5	1.0	5.0	2.5			5.0	2.5
Court of Military Appeals, Defense					1.2	1.2		1.2	1.2			1.2	1.2
Total, operation and maintenance			−221.3	−135.0	32,148.8	27,516.6	3,288.4	31,927.5	30,670.0	+542.7	+395.7	32,470.2	31,065.7

Defensewide contingencies:										
Oct. 1, 1976 pay raise	1,432.8	1,390.0			1,432.8	1,390.0	+52.0	+51.1	1,484.8	[15] 1,441.1
Military travel allowance	107.2	106.7			107.2	106.7			107.2	106.7
Retirement Modernization Act	40.0	40.0			40.0	40.0	−27 0	−27.0	13.0	[16] 13.0
Military trailer allowance	11.4	11.4			11.4	11.4			11.4	11.4
Nuclear special pay	4.9	4.9			4.9	4.9			4.9	4.9
Total, defensewide contingencies	1,596.3	1,553.0			1,596.3	1,553.0	+25.0	+24.1	1,621.3	1,557.1
O. & M. Defense Civil Preparedness Agency			71.0	35.5	34.5	71.0	70.0	+38.9	+19.4	109.9	[17] 89.4
Committee Legislative Initiatives:										
Helicopter Training Contingency Funds								+30.4	+7.6	30.4	[18] 7.6
R.D.T. & E. emergency fund								+49.0	+24.5	49.0	[19] 24.5
Revolving and management funds:											
Defense production guarantees, Navy					0.2	0.2					.2
Army stock fund			100.0		−8.6	100.0	−8.6	−50.0		50.0	−8.6
Navy stock fund			32.0		−30.1	32.0	−30.1	−16.0		16.0	−30.1
Marine Corps stock fund			8.6		6.4	8.6	6.4	−4.3		4.3	6.4
Air Force stock fund			76.7		−84.7	76.7	−84.7	−38.4		38.3	−84.7
Defense stock fund			140.6		−21.8	140.6	−21.8	−70.3		70.3	−21.8
Army industrial fund					−11.4		−11.4				−11.4
Navy industrial fund					17.5		17.5				17.5
Marine Corps industrial fund					.6		.6				.6
Air Force industrial fund					−3.4		−3.4				−3.4
Defense industrial fund					−7.7		−7.7				−7.7
Air Force management fund					−1.0		−1.0				−1.0
Total, revolving and management			357.9		−144.0	357.9	−144.0	−179.0		178.9	[20] −144.0
Offsetting receipts:											
Army			−49.8		−49.8	−49.8	−49.8			−49.8	−49.8
Navy			−41.6		−41.6	−41.6	−41.6			−41.6	−41.6
Air Force			−43.0		−43.0	−43.0	−43.0			−43.0	−43.0
Defense			−24.4		−24.4	−24.4	−24.4			−24.4	−24.4
Total, offsetting receipts			−158.8		−158.8	−158.8	−158.8			−158.8	−158.8
Trust funds:											
Trust funds, Army			.2	.2		.2	.2			.2	.2
Trust funds, Navy			8.8	7.0		8.8	7.0			8.8	7.0
Trust funds, Air Force											
Trust revolving funds, Army				5.9			5.9				5.9
Trust revolving funds, Navy											
Trust revolving funds, Air Force				−15.7	13.0		−2.7				−2.7
Total, trust funds			9.0	−2.6	13.0	9.0	10.4			9.0	10.4
Intragovernmental trust fund, Navy			−6.6	−6.6		−6.6	−6.6			−6.6	−6.6

See footnotes on p. 140.

68-249 O - 76 - 10

MASTER TABLE—REQUEST BY MAJOR BUDGET CATEGORIES—Continued

[Dollars in millions]

Item	Requests subject to HASC authorization		Requests requiring prior legislative action		Requests not subject to HASC authorization		Outlays from prior year budget authority	President's budget total		HASC changes		Recommended total	
	Budget authority	Current year outlays	Budget authority	Current year outlays	Budget authority	Current year outlays		Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Military construction:													
Army [21]	592.0	25.1	----------	----------	57.5	----------	610.9	649.5	636.0	−37.1	−1.4	612.4	[23] 634.6
Navy	526.9	27.2	----------	----------	68.3	----------	561.8	595.2	589.0	−14.8	−.7	580.4	[23] 588.3
Air Force	730.2	30.7	----------	----------	72.1	----------	359.3	802.3	390.0	+.8	----------	803.1	[23] 390.0
Defense agencies	64.6	2.5	----------	----------	[24] 16.5	----------	26.5	81.1	29.0	−26.0	−.7	55.1	[23] 28.3
Army National Guard	40.8	2.7	----------	----------	6.4	----------	49.3	47.2	52.0	+13.9	+.8	61.1	[23] 52.8
Air National Guard	24.3	1.6	----------	----------	3.3	----------	45.4	27.6	47.0	+9.6	+.5	37.2	[23] 47.5
Army Reserve	37.7	2.3	----------	----------	9.3	----------	39.7	47.0	42.0	+6.8	+.3	53.8	[23] 42.3
Naval Reserve	15.3	.6	----------	----------	1.5	----------	25.4	16.8	26.0	+6.5	+.2	23.3	[23] 26.2
Air Force Reserve	9.0	1.0	----------	----------	1.0	----------	13.0	10.0	14.0	+.8	----------	10.8	[23] 14.0
Total, military construction [22]	2,040.8	93.7	----------	----------	235.9	----------	1,731.3	2,276.7	1,825.0	−39.5	−1.0	2,237.2	1,824.0
Family housing, Defense	1,190.3	821.2	----------	----------	----------	----------	550.8	1,190.3	1,372.0	----------	----------	1,190.3	1,372.0
Military assistance:													
Military assistance, executive	----------	----------	----------	----------	303.9	160.0	236.0	309.9	335.0	+17.0	+17.0	326.9	413.0
Foreign military credit sales, executive	----------	----------	----------	----------	840.0	572.0	123.0	840.0	695.0	+12.0	+12.0	852.0	707.0

Emergency security assistance for Israel							24.5		24.5				24.5
Foreign military sales fund							−11.9		−11.9				−11.9
Offsetting receipts, MAP Federal funds					−364.6		−364.6	−364.6	−364.6			−364.6	−364.6
Total, MAP Federal funds					785.3	732.0	7.0	785.3	739.0	+29.0	+29.0	814.3	[25] 768.0
MAP trust funds:													
Advances, for military sales					8,930.4		7,000.0	8,930.4	7,000.0	−2,030.4	−400.0	6,900.0	6,600.0
Offsetting receipts MAP trust funds					−7,200.0		−7,200.0	−7,200.0	−7,200.0	+400.0	+400.0	6,800.0	−6,800.0
Total, MAP trust funds					1,730.4		−200.0	1,730.4	−200.0	−1,630.4		100.0	[26] −200.0
Total, military assistance					2,515.7	732.0	−193.0	2,515.7	539.0	(−1,601.4)	(+29.0)	(914.3)	(580.0)
Other Defense-related activities:													
ERDA					1,943.3	1,832.8		1,943.3	1,832.8			1,943.3	1,832.8
Stockpile sales (GSA)			−746.0	−746.0	−124.0	−124.0		−870.0	−870.0			−870.0	−870.0
O. & M. Federal Preparedness Agency					16.4	13.7	2.1	16.4	15.8			16.4	15.8
CIA retirement fund contingency			28.3	28.3				28.3	28.3			28.3	28.3
Defense Production Act					10.5	10.5		10.5	10.5			10.5	[27] 10.5
Selective Service (GSA)					6.8	5.9	2.4	6.8	8.3	+11.2	+11.2	18.0	19.5
Renegotiation Board (GSA)					6.4	6.0	.3	6.4	6.3			6.4	6.3
Treasury Recovery on Military Assistance (GSA)					−2.5		−2.5	−2.5	−2.5			−2.5	−2.5
Other GSA							−.5		−.5				−.5
Total, other Defense-related activities			−717.7	−717.7	1,856.9	1,744.9	1.8	1,139.2	1,029.0	+11.2	+11.2	1,150.4	1,040.2
Total, Defense function	36,027.9	10,844.3	483.9	526.9	78,392.8	65,004.6	24,753.3	114,904.6	101,129.1	−346.9	+436.5	114,557.7	101,565.2

See footnotes on p. 140.

[1] Authorization in military construction bill (construction of ammunition facility).
[2] Additional authorization of $125,000,000 for procurement of A-6E aircraft.
[3] Reduction of $17,000,000 in authorization for procurement of Sparrow missiles.
[4] Net increase of $1,088,800,000 includes: Additions of $2,241,000,000 and reduction of $1,153,000,000; 4 additional ships.
[5] $43,300,000 reduction in procurement of nonessential communications equipment.
[6] Reductions of $105,000,000 affect 30 Army R. & D. programs, for details see HASC Rpt. on H.R. 12438.
[7] Reductions of $250,800,000 affect 9 Navy R. & D. programs, for details see HASC Rpt. on H.R. 12438.
[8] Net reduction of $167,000,000 includes: (1) program reductions: $169,400,000; (2) $2,000,000 additional for commissary funding.
[9] For details see HASC report on H.R. 12438.
[10] R.D.T. & E. totals do not reflect additional $49,000,000 emergency fund shown under "Committee Legis Initiatives" (p. 2).
[11] Summary of recommended changes to military personnel accounts:

Military personnel account	Rejection of proposal to eliminate dual comp.	Rejection of proposal to eliminate administrative pay	Rejection of proposal to reduce training assemblies	Additional flying training hrs	Additional readiness drills	Funds for pay group P	Increase PD drill strength from 52,000 to 102,000	Total
Navy							[1] +4.9	+4.9
Army Reserve	+9.5	+0.6		+3.2	+1.2	+3.9		+18.4
Navy Reserve	+2.8	+.3		+2.6			+64.6	+70.3
Marine Corps Reserve	+1.0	+.1		+.6		+.3		+2.0
Air Force Reserve	+3.7	(1)	+2.4	+2.4		+.8		+9.3
Army National Guard	+19.2	+1.1	+8.4	+7.9	+1.5	+6.3		+44.4
Air National Guard	+8.8		+4.2	+2.6		+.8		+16.5
Total	+45.0	+2.1	+15.0	+19.3	+2.7	+12.1	+69.5	+165.8

[1] Total additional to budget to restore full subsidy on commissaries is $94,300,000, $2,000,000 of which appears in Air Force R.D.T. & E. account.
[12] $3,700,000 addition to correct error in DoD estimate (elimination of 1 percent "kicker" endorsed).
[13] Summary of recommended changes to O. & M. accounts (B.A.) other than Naval Petroleum Reserve:

O. & M. account	Increases to fully fund depot maintenance	Decreases due to reduction of stock funding surpport	Increases to restore full subsidy on Commission	Funding for additional 5,000 civilian workers	Funding for civilian personnel support of Naval Reserve	Decrease in helicopter training support requirement	Net change
Army	+59.2	−28.5	+34.7			−1.4	+64.0
Navy	+240.2	−74.2	+18.6				+193.6
Marine Corps	+2.2	−2.6	+3.0				+2.6
Air Force	+82.3	−86.6	+36.0	+41.0			+72.7
Defense agencies							[1]−1.0
Army Reserve	+.5	−1.2					−.7
Navy Reserve	+7.0	−6.7			+2.5		+2.8
Air Force Reserve	+1.1	−3.3					−2.2
Army National Guard	+2.9	−4.5					−1.6
Air National Guard	+2.6	−11.4					−8.8
Total	+407.0	−219.0	+92.3	+41.0	+2.5	−1.4	+321.4

[1] Johnston Atoll.

Note: Total additional to budget to restore full subsidy on Commissaries is $94,300,000, $2,000,000 of which appears in Air Force R.D.T. & E. account.

[14] +$221,300,000: Restoration of O. & M. funds for Naval Petroleum Reserve due to action of House-Senate Conf. on HR-49.
[15] +$52,000,000: Committee rejected legislative proposal to allocate larger percent of Oct. 1, 1976 pay raise to B.A.Q.
[16] −$27,000,000: Timing adjustment on implementation of R.M.A.
[17] +$38,900,000: To maintain support to state and local civil defense organs; to maintain existing programs and to develop crisis relocation plans.
[18] +$30,400,000: Contingency pending committee decision on consolidation of helicopter training at Fort Rucker.
[19] +$49,000,000: See HASC Report on H.R. 12438 incl.: (1) $15,000,000 to repower F-14; (2) $15,000,000 for devt. of common air to air all-weather missile; (3) $8,000,000 to refurbish USS BELKNAP; (4) $11,000,000—AEGIS install. on USS LONGBEACH.
[20] 50 percent "across-the-board" reduction in budget authority requested for procurement of war reserve materiel stocks.
[21] $592,000,000 does not include $24,500,000 for ammunition facility (See "Proc. of Ammunition—Army"). The combined total of $616,500,000 reflects the Mil. Con. request.
[22] Mil. Con. request of $2,065,300,000 includes $2,040,800,000 shown above, plus $24,500,000 shown under "Proc. of Ammunition—Army."
[23] For specific details oh Mil. Con. changes, see HASC Report on H.R. 12384.
[24] Includes $20,000,000 authorized, but not appropriated in prior years for cleanup of Eniwetok Atoll test facilities.
[25] Adjustments in accordance with later estimates from DSAA.
[26] Adjustments in accordance with later estimates from DoD. (Mar. 4, 1976 LTR.)
[27] $11,200,000 increase to maintain mobilization planning capability.

House of Representatives,
Committee on Merchant Marine and Fisheries,
Washington, D.C., March 30, 1976.

Hon. Brock Adams,
Chairman, House Committee on the Budget,
Washington, D.C.

Dear Mr. Chairman: On March 15, 1976, I furnished you with the views and estimates of the Committee on Merchant Marine and Fisheries concerning budget authority and budget outlays for fiscal year 1977, pursuant to section 301(c) of the Congressional Budget Act of 1974.

As a part of our submission, I included a Committee recommendation relating to Title I of the Marine Protection, Research, and Sanctuaries Act of 1972, the extension of authorization for which was then pending before a Joint Subcommittee, consisting of the Subcommittees on Oceanography and Fisheries and Wildlife Conservation and the Environment. That recommendation, contained on page 2 of the enclosure to my letter, involved Account No. 20-0-0108-0-1-304. In that account, the President requested budget authority of $1.3 million and an outlay of $1 million in the Abatement and Control Program of the Environmental Protection Agency. Our submission reflected a concurrence in the President's request. That inclusion was in error.

Subsequent to our submission, an Executive Communication was received requesting the extension of the authorization under the Act at a level of $4.8 million for fiscal year 1977. Representatives of the Environmental Protection Agency testified in support of budget authority at that level, and indicated that, in the absence of increased budget authority, funds could be reprogrammed within that Agency's budget to provide for a program level of $4.8 million, in lieu of the $1.3 million requested in the President's budget.

Today, the Joint Subcommittee ordered reported H.R. 11505, authorizing the extension of authorization for Title I of the Act at the $4.8 million level. Consistent with that action, I request that our submission related to the program be amended to read as follows:

Major issue or program	President's request		Committee recommendation	
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY				
Pollution control and abatement—abatement and control (EPA) (20-0-0108-0-1-304)	1.3	1.0	4.8 (+3.5)	1.3 (+.3)

As a result of this change, the Net Differences in Subfunction 304 on page 3 of our submission should read, +3.5 for budget authority and +0.3 for outlays. For Function 300 on the same page, the Net Differences should read, +107.9 for budget authority and +52.1 for outlays. The recapitulation of Net Differences for Format I and for the Total Net Differences should be changed accordingly.

While I realize that your Committee is well along in the development of your budget resolution figures, I feel that it is important that the record be corrected to reflect our Committee's position in relation to the program involved, and this amendment to our March 15 submission is forwarded with the concurrence of the Subcommittee Chairmen and Ranking Minority Members concerned, as well as the Ranking Minority Member.

Sincerely,

Leonor K. (Mrs. John B.) Sullivan,
Chairman.

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS
WHICH REQUIRE RE-ENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

March 15, 1976

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
General Science, Space and Technology (250)					
National Science Foundation Salaries and Expenses 31-45-0100-0-1-251	796	728	795 (-1.0)	728 (0.0)	Continuation of programs to support basic and applied research and science education. Of the $728 million outlay, $194 million is applicable to FY1977 new budget authority. (Committee recommendation is based upon a $9.0 million reduction in basic research; a $9.0 million increase in science education; and a $1.0 million reduction in Research Applied to National Needs.)
Scientific Activities (Special Foreign Currency Program) 31-45-0102-0-1-251	6	6	6 (0.0)	6 (0.0)	Continuation of programs to support scientific activities abroad and to support the translation of foreign research reports.
National Resources, Environment and Energy (300)					
Environmental Protection Agency Energy Research and Development 20-00-0109-0-1-305	95.2	98.0	96.4 (+1.2)	98.0 (0.0)	Continuation of research and development programs in support of EPA's regulatory and enforcement program. Increases are primarily in health and ecological effects research. Of the totals shown outlays attributable to FY1977 in President's request are $85.0 million, and outlays in Committee recommendation attributable to FY1977 budget authority total $90.0 million. Recommendations are based upon subcommittee actions which are subject to full Committee consideration.
Research and Development 20-00-0107-0-1-304	144.7	161.0	160.1 (+15.4)	168.0 (+7.0)	
TOTALS	239.9	259.0	256.5	266.0	Note: Action on FY1976 EPA R&D authorization still pending in Senate.

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS
WHICH REQUIRE RE-ENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

March 15, 1976

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Community and Regional Development (450)					
National Fire Prevention and Control Administration Operations, Research and Administration 06-49-0800-0-1-451	10	8	21 (+11.0)	19 (+11.0)	This legislation will extend the authorization granted pursuant to the Federal Fire Prevention and Control Act of 1974 to the National Fire Prevention and Control Administration and the Fire Research Center through fiscal years 1977 and 1978. Increase reflected in Committee recommendation is to permit more rapid program growth than envisioned in the President's request. Budget authority and outlays reflect only that proposed for FY1977. New budget authority included in the legislation for FY1978 totals $26.0 million.
Multi-Function Accounts (999)					
Energy Research and Development Administration (ERDA)					
Operating Expenses 19-00-0100-0-1-999 (split jurisdiction, Joint Atomic Energy)	1,307.6	1,216.4	1,561.7 (+254.1)	1,433.9 (+217.5)	This legislation will provide for the continuing non-nuclear operations and research and development in support of the National Energy Program. Increases in solar, geothermal and fossil energy research, conservation, basic energy sciences, program support are recommended. These increases are based on subcommittee recommendations and are subject to consideration by the full Committee.
Plant and Capital Equipment 19-00-0103-0-1-999 (split jurisdiction, Joint Atomic Energy)	115.8	71.9	151.6 (+35.8)	95.9 (+24.0)	This account provides for the capital plant and equipment necessary to support the energy research and development program. Increases include the addition of two demonstration plants (initial increment) in support of fossil fuel research and construction in support of the environmental research and safety program. Budget authority and outlays are based on subcommittee recommendations and are subject to consideration by the full Committee as well as joint consideration with the Joint Committee on Atomic Energy.

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS
WHICH REQUIRE RE-ENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

March 15, 1976

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
National Aeronautics and Space Administration Research and Development programs	2,758.9	2,736.3	2,768.5 (+9.6)	2,740.7 (+4.4)	Continuation of space research and development and associated supporting science and technology activity.
NASA, Aeronautics 400-405	[189.1]	[177.0]	[192.1] (+3.0)	[178.0] (+1.0)	[Continuation of aeronautics research and development]
National Aeronautics and Space Administration Construction of Facilities	124.0	125.7	117.1 (-6.9)	125.0 (-0.7)	Continuation of facilities planning, design and construction in support of research and development programs.
NASA, Aeronautics 400-405	[29.0]	[16.0]	[29.0] (0.0)	[16.0] (0.0)	[Continuation of facilities efforts in support of aeronautics]
National Aeronautics and Space Administration Research and Program Management	814.1	814.0	810.5 (-3.6)	810.8 (-3.2)	Continuation of supporting activities required to operate the NASA research and development centers including salaries, administrative and support services.
NASA, Aeronautics 400-405	[146.2]	[146.2]	[146.2] (0.0)	[146.2] (0.0)	[Continuation of supporting activity for aeronautics]
The following breakdown is provided pursuant to request by the House Budget Committee:					
(253 Manned Space Flight: National Aeronautics and Space Administration)	1,890.9	1,864.8	1,876.2 (-14.7)	1,857.2 (-7.6)	Included in above estimates.

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS
WHICH REQUIRE RE-ENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

March 15, 1976

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
(254 Space Science, applications and technology: National Aeronautics and Space Administration)	1,086.9	1124.7	1,101.2 (+14.3)	1,134.1 (+9.4)	Included in above estimates.
(255 Supporting space activities: National Aeronautics and Space Administration)	354.8	347.3	351.3 (-3.5)	345.0 (-2.3)	Included in above estimates.

II. PRESIDENT'S BUDGET REQUESTS
FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FY 1977

March 15, 1976

Legislative Proposal	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
NEGATIVE REPORT					

III. PRESIDENT'S BUDGET REQUESTS
FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION
($ millions)

March 15, 1976

Legislative Proposal	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Administrative Reduction					
General Science, Space, and Technology (250)					
National Science Foundation Salaries and Expenses, scientific activities 31-45-0100-0-1-251 31-45-0102-0-1-251	19	18	19 (0.0)	18 (0.0	Improved grant management of science education programs. This is a Presidential administrative reduction in the FY1976 level of effort and it is understood to have been incorporated in the FY1977 budget submission. The Committee concurs.
Legislative Reduction					
National Aeronautics and Space Administration Automatic (rescission of authorization)	($36.5 million)		($36.5 million)		P.L. 88-113, Sec. 6 modified Section 303 of the National Aeronautics and Space Act of 1958 to automatically rescind unfunded authorization of funds three years following such authorization. The amount shown is the unfunded authorization upcoming for fiscal year 1973.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977
($ millions)

March 15, 1976

Identify Initiative	Budget Authority	Outlays	Comment
H.R. 8800 - The Electric Vehicle Research and Development Act of 1975	25.0	6.0	Legislation has passed the House and remains pending in the Senate. This provides for a program of research and development in electric vehicles. The amount shown for budget authority includes $15.0 million for loan guarantees based upon an estimated default ratio of 1:4 in FY1977. Subject to Senate action and conference.
H.R. 9174 - The Automotive Transport Research and Development Act (and related bills)	60.0	30.0	Legislation is to authorize a program of research, development and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles subject to hearings, legislative findings and report prior to May 15, 1976.
H.R. 8494 - The Industrial Energy Conservation Act of 1975 (and related bills)	185.0	35.0	Legislation is to establish a system of research and development of energy-conserving industrial technologies with due regard for the need to operate such a system in a manner which will stimulate depressed sectors of the American economy. Subject to hearings, legislative findings and report prior to May 15, 1976. The amount shown for budget authority includes $125 million for loan guarantees based upon an estimated default ratio of 1:4 in FY1977.
H.R. 11091 - The Energy Extension Service Act of 1975 (and related bills)	*	*	This legislation will establish in ERDA an Energy Extension Service to develop, demonstrate, and analyze energy conservation opportunities, and to develop programs to encourage acceptance and adoption of energy conservation opportunities by energy consumers. Subject to hearings, legislative findings and report prior to May 15, 1976. * Will be combined with H.R.8494. Budget Authority and Budget Outlays included in H.R.8494.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977
($ millions)

March 15, 1976

Identify Initiative	Budget Authority	Outlays	Comment
H.R. 11333 - The Outer Continental Shelf Act (Referred jointly to Interior Committee)	*	*	This legislation is to authorize a program of energy research, development, and demonstration to assist in the exploration and development of oil and gas on the Outer Continental Shelf, and for other purposes. Measure is now under consideration by the Committee. * No specific Authorization amount included, but may generate some expenditures.
H.R. 12112 - Energy Loan Guarantee Act	503	3	This legislation will provide additional assistance to the Energy Research and Development Administration for the advancement of non-nuclear energy research, development, and demonstration. The bill provides that outstanding indebtedness guaranteed and committed to be guaranteed shall at no time exceed $2.0 billion. Estimates are based upon an estimated default ratio of 1:4. Legislation subject to hearings, legislative findings and report prior to May 15, 1976.
H.R. 10488 - Solid Waste Energy and Resource Recovery Act of 1975 (Referred jointly to Commerce Committee)	70	18	This legislation will amend the Solid Waste Disposal Act to encourage research, development, and implementation of energy and resource recovery from solid waste, and for other purposes. Legislation is subject to hearings, legislative findings and report by May 15, 1976.
Office of Science & Technology Policy (Executive Office of President) Salaries and Expenses	3.1	2.9	This Office is not yet in being but is the subject of House-Senate conference as of mid-March. Authorization figures used above are estimates in the House and Senate versions respectively. Budget Authority and Outlay figures are based on the stated spending-level intent of the Administration in the event the Office and its two-year Survey Committee materialize as expected.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

March 15, 1976

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
General Science, Space, and Technology					
National Aeronautics and Space Administration Miscellaneous trust fund 27-00-9999-0-7-255 (supporting space activities)	0.1	2.1	0.1 (0.0)	2.1 (0.0)	Account provides for holding funds provided by foreign entities for payments which are reimbursable to NASA under cooperating agreements. This account being phased out and replaced by two treasury deposit accounts for foreign and domestic reimbursable transactions respectively.
National Science Foundation Donations 31-45-8960-0-7-251	3.0	1.0	3.0 (0.0)	1.0 (0.0)	This is a trust fund which provides for gifts and donations for general operations of NSF; and for receiving, holding and disbursing funds provided by foreign governments for payments which are reimbursable under cooperative agreements. The Committee concurs in the estimates.
Consolidated Working Fund 31-45-3900-0-4-251	0.0	-0.7	0.0 (0.0)	-0.7 (0.0)	This is an intergovernmental fund through which the NSF grantees and contractors conduct research for other Federal agencies on a reimbursable basis. The Committee concurs in the estimates.
Office of Technology Assessment Annual appropriations Salaries and Expenses	8.5	8.3	-	-	The Committee has no authorizing or oversight jurisdiction over OTA--only legislative jurisdiction--since OTA is governed by a Joint Congressional Board.
Natural Resources, Environment and Energy: Department of Commerce (NOAA) Miscellaneous Trust Funds 06-48-9998-0-7-306 Special Studies	4.7	3.4	4.7 (0.0)	3.4 (0.0)	Authorized P.L. 91-412. No new authorization required. Fund results from sale of charts. Proceeds are used by NOAA for the production and sale of aeronautical and nautical charts. The Committee concurs in the President's proposal.

V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

March 15, 1976

Major Issue or Program	President's Request		Committee Recommendation		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Agricultural Research	1.3	1.2	1.3 (0.0)	1.2 (0.0)	Authorized by P.L. 79-733. No new authorization required. Program involves inspection and grading of fish products. Fees for inspection are used to defray costs of salaries and expenses of inspection teams. The Committee concurs in the President's proposal.
Energy Research and Development Administration Advances for Cooperative Work Coal Research	10	10	10 (0.0)	10 (0.0)	Authorized by P.L. 86-599. Account was reviewed in conjunction with the FY1977 ERDA Authorization bill. No Committee action taken. The Committee concurs in the estimate.
Geothermal Energy Research, Development and Demonstration Act of 1974 19-00-0105-0-1-305	50.0	4.4	50.0	4.4	Authorized by P.L.93-410. Not reviewed by Committee this year, except in conjunction with FY1977 ERDA Authorization Bill.

REPORT OF THE COMMITTEE ON BANKING, CURRENCY AND HOUSING

U.S. House of Representatives,
Committee on Banking, Currency and Housing,
Washington, D.C., March 10, 1976.

Hon. Brock Adams,
Chairman, House Committee on the Budget,
Washington, D.C.

Dear Mr. Chairman: I am enclosing the projections of the Committee on Banking, Currency and Housing with respect to legislative programs within this Committee's jurisdiction affecting the 1977 Fiscal Year Budget.

The projections represent the views and estimates of the subcommittees on programs and initiatives within their respective jurisdictions. Additional comments of Committee Members have been included at the end of the report. Any other written comments received within the next few days will be forwarded to you.

Sincerely,

Henry S. Reuss, *Chairman.*

Enclosure.

SUBMISSION OF VIEWS AND ESTIMATES OF THE COMMITTEE ON BANKING, CURRENCY AND HOUSING ON THE 1977 FISCAL YEAR BUDGET IN ACCORDANCE WITH SECTION 301(c) OF THE CONGRESSIONAL BUDGET ACT OF 1974 (P.L. 93-344)

68-249 O - 76 - 11

COMMITTEE ON BANKING, CURRENCY AND HOUSING

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS
WHICH REQUIRE RE-ENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

Major Issue or Program	President's Request		Committee Estimates		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Housing Subcommittee:					
1) Annual Contributions for Low Income Public Housing	$16,500	$351	$16,500	$351	($850 million for FY 1977--$16.5 billion during life of contractual period.) These figures represent the maximum appropriation which the Committee is likely to recommend.
2) Payments for Operation of Low Income Housing Projects	$463.6	$462	$575 (+111.4)	$575 (+111.4)	Committee estimate does not reflect any changes in minimum rents.
3) Comprehensive Planning Grants (Sec. 701)	$ 25	$ 75	$ 75 (+50)	$ 75	These figures represent the maximum appropriation which the Committee is likely to recommend, and are the same amounts as included in the Budget for FY 1976.
4) FHA Insurance Funds - Appropriations to cover losses	$825.7	$830	$825.7	$830	Committee may authorize an appropriation of $500 million to cover losses to FHA's General Ins. Fund. The remainder of the $825.7 can be appropriated pursuant to permanent authority to cover losses to FHA's Special Risk Ins. Fund.

Section I continued

COMMITTEE ON BANKING, CURRENCY AND HOUSING

Major Issue or Program	President's Request		Committee Estimates		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Economic Stabilization Subcommittee:					
5) Domestic and International Business Administration, Defense Priorities and Allocation, Administrative expenses	$.853	$.802	$.853	$.802	Authorizing jurisdiction split among several committees. Figures represent HBCH jurisdiction through DPA.

COMMITTEE ON BANKING, CURRENCY AND HOUSING

II. PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

Legislative Proposal	President's Request		Committee Estimates		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Housing Subcommittee:					
1) Weatherization Act	$ 55	$ 53.4	$ 55	$ 53.4	This reflects Committee action last year on the bill H.R. 8650.
Economic Stabilization Subcommittee:					
2) Energy Independence Authority -- adjustment for net earnings or losses	$ 42	$ 42	$ 42	$ 42	All off-budget except for each year's net cash losses. Provides one-time $75 billion borrowing authority; $25 billion of equity in increments through appropriations, $8 billion in FY 1977. Subcommittee recommends consideration of this legislation. See Section IV.
International Development Institutions and Finance Subcommittee:					
3) Asian Development Bank (ADB)	$ 50	$ 1	$ 50	$ 1	Proposed U.S. contribution to Asian Development Fund, ADB's concessionary loan window.

Section II continued

COMMITTEE ON BANKING, CURRENCY AND HOUSING

Legislative Proposal	President's Request		Committee Estimates		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
4) International Finance Corporation (IFC)	$ 45	-0-	$ 45	-0-	Proposed United States contribution.

COMMITTEE ON BANKING, CURRENCY AND HOUSING

III. LEGISLATIVE AND ADMINISTRATIVE REDUCTIONS PROPOSED IN THE PRESIDENT'S FY 1977 BUDGET
($ millions)

Major Issue or Program	President's Request		Committee Estimates		
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Legislative Reductions:					
1) Annual Contributions for Assisted Housing					See Section IV.
2) Sale of Carson City Silver Dollars		$1,025		$1,025	No comment.
Administrative Reductions:					
3) Homeownership and Rental Housing					No comment.

COMMITTEE ON BANKING, CURRENCY AND HOUSING

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977
($ millions)

Congressional Initiatives	Committee Recommendations Budget Authority	Outlays	Comment
Housing Subcommittee:			
1) Rehabilitation Loan (Section 312)	$ 75		Committee may extend Sec. 312 Rehabilitation Loan Program to Oct. 1, 1977. This is the maximum budget authority the Committee is likely to recommend. Committee disagrees with Administration request to rescind $62 million.
2) State Housing Finance and Development Agencies (Section 802)	$600		($600 million during life of contractual period.) Committee recommends appropriations of additional $15 million and disagrees with Administration rescission request of $15 million.
3) Homeownership Assistance Program (Section 235)		$ 24	Committee may extend program through end of FY 1977.
4) Emergency Housing Act	$5,000	$2,500	Committee may extend program through end of FY 1977. Committee recommends that balance be made available through appropriations.
5) Emergency Homeowners' Relief Act	$465	$125	Committee may extend program through end of FY 1977.

Section IV continued

COMMITTEE ON BANKING, CURRENCY AND HOUSING

Congressional Initiatives	Committee Recommendations Budget Authority	Outlays	Comment
6) Community Development Block Grant Program	$3,623	$1,975	Committee may approve additional $375 million in community development block grant funds for FY 77 (H.R. 11860) in order to provide supplementary community development block grant assistance to communities with high unemployment. Committee agrees with appropriation of the full authorization level to be requested by Administration for the regular community development block grant program.
Economic Stabilization Subcommittee:			
7) Federally-supported State energy conservation implementation programs to minimize energy use in buildings	$1,650	$ 250	Subcommittee expects to consider this legislation.

COMMITTEE ON BANKING, CURRENCY AND HOUSING

Congressional Initiatives	Committee Recommendations Budget Authority	Outlays	Comment
Financial Institutions Subcommittee:			
8) Financial Reform Act of 1976:			
(a) Administrative expenses, examinations, administration of insurance	$ 60	$ 55	Includes FBC admin. and examination of national banks and holding co. from 3/1/77; NCUA admin. from 7/1/77. Assessments deposited in Treasury.
(b) NCUA discounts	$150	-0-	
Domestic Monetary Policy Subcommittee:			
9) Amendments to the Federal Reserve Act	$-6,000	$-6,000	This contemplates passage of Federal Reserve reform legislation which would cancel bonds in the portfolio of the Federal Open Market Committee, or as an alternative, make them non-interest bearing. Under present interest rates, and anticipating continued growth of the portfolio, the Subcommittee estimates that this would reduce by $6 billion the payments made by the Treasury to the Federal Reserve in the form of interest on these bonds.

Section IV continued

COMMITTEE ON BANKING, CURRENCY AND HOUSING

Congressional Initiatives	Committee Recommendations Budget Authority	Outlays	Comment
10) Amendments to the Federal Reserve Act	$100	$100	This contemplates passage of Federal Reserve reform legislation which would place the Federal Reserve System under the appropriations process. It also anticipates passage of financial reform legislation which would remove from the Federal Reserve System all bank supervisory functions.

COMMITTEE ON BANKING, CURRENCY AND HOUSING

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

Major Issue or Program	President's Request		Committee Estimates		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Housing Subcommittee:					
1) HUD Research and Technology	$ 71	$ 67.1	$ 71	$ 67.1	These figures represent the maximum appropriations the Committee is likely to recommend. Committee may convert current permanent authorization to annual dollar authorization.
2) HUD Administration Expenses	$201.44	$201.44	$201.44	$201.44	Plus $223.06 million transfers from FHA Ins. Fund. These figures represent the maximum appropriations the Committee is likely to recommend. Committee may convert current permanent authorization to annual dollar authorization.
3) Federal Flood Insurance Studies and Surveys	$100	$ 73.4	$100	$ 73.4	These figures represent the maximum appropriations the Committee is likely to recommend. Committee may convert current permanent authorization to annual dollar authorization.

COMMITTEE ON BANKING, CURRENCY AND HOUSING

Major Issue or Program	President's Request		Committee Estimates		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
Economic Stabilization Subcommittee:					
4) Emergency Loan Guarantee Fund	-0-	$-4.5	-0-	?	Loan Guarantee: Represents income from loan guarantee premiums. Because of recent disclosure of Lockheed payments to foreign officials, the repayment potential has come into question.
International Development Institutions and Finance Subcommittee:					
5) Inter-American Development Bank (IDB)	$440	$16	$440	$16	H.R. 9721, authorizing funds for IDB for FY 1976-79, pending in Senate.
6) African Development Fund (AFDF)	-0-	$ 5	-0-	$ 8 (+3)	President's request includes $5 million, based on a total contribution to AFDF of $15 million. H.R. 9721 pending in Senate contains $25 million for AFDF for FY 1976 appropriation.

Section V continued

COMMITTEE ON BANKING, CURRENCY AND HOUSING

Major Issue or Program	President's Request		Committee Estimates		Comment
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
International Trade Subcommittee:					
7) Export-Import Bank	$3,348	$1,306	$3,348	$1,306	For transactions over $60 million (covered by the 1975 amendments), a more detailed statement of the competitive situation faced by the borrower & attempts to secure market-rate financing should be required. Subcommittee Chairman recommends returning Ex-Im Bank to off-budget status.
8) Increase in IMF Quotas					Increase of the U.S. quota in the IMF will represent an exchange of assets with no budgetary impact. Committee expects to endorse this quota increase.

ADDITIONAL COMMENTS

WILLIAM A. BARRETT, PA., CHAIRMAN

LEONOR K. (MRS. JOHN B.) SULLIVAN, MO.
THOMAS L. ASHLEY, OHIO
WILLIAM S. MOORHEAD, PA.
ROBERT G. STEPHENS, JR., GA.
FERNAND J. ST GERMAIN, R.I.
HENRY B. GONZALEZ, TEX.
PARREN J. MITCHELL, MD.
JAMES M. HANLEY, N.Y.
WALTER E. FAUNTROY, D.C.
LINDY (MRS. HALE) BOGGS, LA.
JERRY M. PATTERSON, CALIF.
JOHN J. LAFALCE, N.Y.
LES AUCOIN, OREG.
THOMAS M. REES, CALIF.
GLADYS NOON SPELLMAN, MD.
JAMES J. BLANCHARD, MICH.

U.S. HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
OF THE
COMMITTEE ON BANKING, CURRENCY AND HOUSING
NINETY-FOURTH CONGRESS

WASHINGTON, D.C. 20515

GARRY BROWN, MICH.
J. WILLIAM STANTON, OHIO
JOHN H. ROUSSELOT, CALIF.
CHALMERS P. WYLIE, OHIO
STEWART B. MCKINNEY, CONN.
JOHN B. CONLAN, ARIZ.
RICHARD KELLY, FLA.
CHARLES E. GRASSLEY, IOWA

GERALD R. MCMURRAY,
STAFF DIRECTOR

225-7054

February 23, 1976

Honorable Henry S. Reuss
Chairman
Committee on Banking, Currency and Housing
U. S. House of Representatives
Washington, D. C.

Dear Mr. Chairman:

The attached figures represent estimates of the maximum likely amounts in new budget authority for Fiscal Year 1977 which will be approved by the Committee.

As you know, the Subcommittee plans to subject HUD authorization requests to close scrutiny, as well as to convert several permanent authorizations to annual dollar authorizations.

As a framework for this scrutiny, I and Mr. Brown have introduced an authorization bill, H. R. 11769, which provides authorizations at levels significantly different from the Administration's budget requests. The Subcommittee has scheduled hearings on this bill on March 2 and 3. While it is quite likely that the authorization bill reported out by the Committee will also vary in several respects from the Administration's requests, it is not possible prior to the hearings and subsequent Subcommittee meetings to determine to what extent Administration budget requests may be reduced. In those areas where it is likely that Administration requests will be increased, I have included the higher authorization amounts contained in H. R. 11769. With respect to all other budget requests, the estimates are identical to the Administration's requests, with the understanding that these are maximum levels.

68-249 O - 76 - 12

With respect to programs which already have authorizations for Fiscal Year 1977, the estimates would support appropriations in the full amount of the authorizations.

Sincerely,

William A. Barrett
Chairman

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 3, 1976.

Hon. HENRY S. REUSS,
Chairman, Committee on Banking, Currency and Housing, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Your memo of March 1, 1976 asked that members review the report which you propose to submit on behalf of the Banking, Currency & Housing Committee to the House Committee on the Budget.

On behalf of myself and other minority members of our Committee we object strenuously to inclusion of Item 8 on Page 8 of your memo. As you know this item proposes that the Committee consider legislation proposing that Congress repudiate the payment of principal and/or interest on the approximate 15.8% of the interest bearing public debt held by the Federal Reserve System.

Such irresponsible action would undermine the credit of the United States and in our opinion be a sure prescription for financial panic.

Further, as a technical matter, the indication that enactment of such a proposal would reduce budget expenditures by $6 billion is only a part and grossly distorted claim. Such reduction in interest paid by the Treasury to the Federal Reserve as you well know is offset largely by excess earnings paid by the Fed to the Treasury; for 1975 such payment was $5.382 billion.

Mr. Chairman, inclusion of this Item 8 on Page 8 in our Committee report to the Budget Committee, in our opinion, would destroy the credulity of our Committee's reports to the Budget Committee and make a mockery of the new Congressional budget process.

Sincerely yours,

ALBERT W. JOHNSON.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING, CURRENCY AND HOUSING,
Washington, D.C., March 12, 1976.

Hon. HENRY S. REUSS,
Chairman, Committee on Banking, Currency and Housing, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In further response to your memorandum of March 1, 1976, in which you requested that members submit comments concerning the report which you will submit on behalf of the Committee to the House Committee on the Budget, the undersigned members submit the attached comments.

It is our belief that adoption of our suggestions could eliminate the need for $2.4279 billion in budget authority, which is defined in the Congressional Budget and Impoundment Control Act as "authority to enter into obligations which will result in immediate or future outlays involving Government funds, except that such term does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government." In addition, $5 billion in authority to purchase under the Emergency Housing Act could also be omitted.

Our strenuous objection to the repudiation of the obligation to pay principal and/or interest on the portion of the public debt which is held by the Federal Reserve System has previously been expressed in a letter to you which is dated March 3, 1976.

We urge you to give careful consideration to our proposal, in the hope that the burden to be imposed upon the taxpayers of the nation may be reduced, not only for FY 1977, but for many fiscal years thereafter.

Kind regards,

JOHN H. ROUSSELOT,
RICHARD KELLY,
HENRY J. HYDE,
WILLIS D. GRADISON, Jr.,
GEORGE HANSEN.

Enclosure.

I. Existing Programs

Housing subcommittee	*Comment*
(2) Payments for Operation of Low Income Housing Projects.	Authorization should be limited to the $463.6 million requested by the President; Congress should accept the budget reductions which would be made possible by implementation of performance funding and minimum rent proposals. Saving: $111.4 million.
(3) Comprehensive Planning Grants (Section 701).	Authorization should be limited to the $25 million recommended by Secretary Hills in her testimony before the Subcommittee on H.R. 11769. Funds for comprehensive planning are available under the Community Development program. The authorization of $25 million for fiscal year 1977 is intended to provide for area-wide planning. Saving: $50 million.

II. New and Expanded Programs

Housing subcommittee	*Comment*
(1) Weatherization Act	Enactment of this program would be premature. More appropriate would be a demonstration program in one or two States to determine whether the materials to be provided could be efficiently distributed and installed for the benefit of low-income tenants. Such a demonstration could be conducted at an approximate cost of $500,000. Saving: $54.5 million.
(2) Energy Independence Authority—adjustment for net earnings for losses.	The case for Government sponsorship of energy development has not been adequately made; therefore, this program should not be enacted. Saving: $42 million.

IV. Legislative Initiatives of Congress for Fiscal Year 1977

Housing subcommittee	*Comment*
(1) Rehabilitation Loans (Section 312)	Funding for rehabilitation loans is already available through Community Development Block Grants. Therefore, this categorical program should not be reinstated. Saving: $75 million.
(2) State Housing Finance and Development Agencies (Section 802).	$15 million to cover the interest differential projected to result from issuance by state agencies of taxable bonds is not necessary, because these agencies prefer coinsurance for section 8 projects, and, for other projects, they prefer to issue nontaxable bonds, under present market conditions. Saving: $15 million.
(3) Emergency Housing Act	Provisions of funds for fiscal year 1977 is unnecessary, because the housing market is participating in the economic recovery and HUD still has $2 billion of GNMA conventional "tandem plan" authority. Saving: $5 billion.
(4) Emergency Homeowners' Relief Act	Funding for fiscal year 1977 is unnecessary, because the foreclosure rate averaged approximately 1.1 percent during 1975, well below the 1.2 percent rate which would trigger assistance under this Act, and because of the tendency on the part of mortgage lenders to forebear, rather than to foreclose. Saving: $430 million.

Economic Stabilization Subcommittee	*Comment*
(5) Federally supported State energy conservation implementation programs to minimize energy use.	The case for federalization of energy conservation efforts has not been made; therefore, this program should not be enacted. Saving: $1.65 billion.
(6) *Financial Institutions Subcommittee:* Financial Reform Act of 1977.	Implementation of the regulatory reform proposals associated with creation of a new Federal Banking Commission is scheduled to take place on March 1, 1977, under the draft proposal which is currently before the committee. Because of the significant amount of disruption which is inherent in implementation of this proposal, the minority recommends that, if this proposal is finally adopted by the Congress, implementation be deferred until October 1, 1977, to coincide with the beginning of fiscal year 1978.
(7) *Domestic Monetary Policy Subcommittee:* Amendments to the Federal Reserve Act.	Cancellation of Treasury bonds in the Federal Open Market Committee portfolio would be a disastrous action which cannot properly be labeled a "saving" of $6 billion. A joint minority letter of March 3, 1976, has urged abandonment of this scheme.

REPORT OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA

U.S. House of Representatives,
Committee on the District of Columbia,
Washington, D.C. March 2, 1976.

Hon. Brock Adams,
Chairman, House Budget Committee, Rayburn House Office Building, Washington, D.C.

Dear Mr. Chairman: In accordance with the requirements of the Congressional budget process, please find enclosed the Fiscal 1977 budget projections for this Committee.

The Committee appreciates the assistance your staff has rendered in the compilation of our projections.

Sincerely,

Charles C. Diggs, Jr.

Enclosure.

Section I.—District Committee Authorized Legislation and Oversight Responsibility

This section outlines those areas for which the Committee was the authorizing entity and those areas over which the Committee currently has oversight responsibility. Exhibit I provides a summary of those areas, while Exhibit 2 through 6 shows them in greater detail.

The subfunctions of greatest interest to the Committee are:

1. Commerce and ground transportation which includes $150,000,000 for the Washington Metropolitan Area Transportation Authority.
2. Community and regional development which includes $185,336,000 in loans to the District for capital outlay and $832,000 for advances to stadium sinking fund.
3. Revenue sharing and general purpose fiscal assistance which includes $282,704,000 for the Federal payment to the District of Columbia and $40,000,000 for repayable advances to the District of Columbia.

The remaining subfunctions listed in Exhibit I, although authorized by the Committee, have a lower immediate priority.

EXHIBIT I.—DETAILED BUDGET TABLE

HOUSE COMMITTEE ON THE DISTRICT OF COLUMBIA—OVERALL SUMMARY

[Budget authority and outlay totals (by function and subfunction)]

Function/subfunction	Budget authority (dollars in thousands)				Outlays (dollars in thousands)			
	Fiscal year 1975 actual	Fiscal year 1976 estimate	Fiscal year 1977 estimate	Committee recommendations for fiscal year 1977	Fiscal year 1975 actual	Fiscal year 1976 actual	Fiscal year 1977 estimate	Committee recommendations for fiscal year 1977
Agriculture (350): Agriculture research and services (352)	860	910	910		330	910	910	
Commerce and transportation (400): Ground transportation (404)	90,360	68,024	90,059		152,670	150,000	150,000	
Community and regional development (450): Community development (451)	153,432	248,985	115,019		192,938	202,168	187,168	
Health (550): Health care services (551)	49,673	55,375	57,954		45,163	55,698	57,405	
Income security (600): General retirement and disability insurance (601)	1,244	588,000	688,000		721	549,000	609,000	
Law enforcement and justice (750): Federal law enforcement and prosecution (751)	2,933	2,600	4,000		3,667	2,550	4,000	
Revenue sharing and general purpose fiscal assistance (850): Other general purpose fiscal assistance (852)	271,800	299,688	322,707		271,800	299,688	322,707	

EXHIBIT 2.—HOUSE COMMITTEE ON DISTRICT OF COLUMBIA

BUDGET AUTHORITY AND OUTLAY TOTALS, BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION

Act, title, section	Program name	Administering agency(s)/bureau(s)	Appropriation account no.	Authorization (dollars in thousands)			Authorization termination date	Budget authority (dollars in thousands) —continued
				Fiscal year 1975	Fiscal year 1976	Fiscal year 1977		Fiscal year 1975 amount
Function code: 852								
Act: Public Law 93-198 (Dec. 24, 1973), as amended. Title: District of Columbia Self-Government and Governmental Reorganization Act. Sec.: 502 District of Columbia Code, sec. 47-2501d.)	Federal payment to the District of Columbia.	District of Columbia, government.	30-42-1700-0-1	$230,000	$254,000	$280,000	(1)	[2] $231,800
Function code: 451								
Act: Public Law 93-198 (Dec. 24, 1973), as amended. Title: District of Columbia Self-Government and Governmental Reorganization Act. sec.: 723.	Loans to the District of Columbia for capital outlay.	do	30-42-9999-0-1	1,605,100	1,800,000	1,800,000	(5)	152,600
Function code: 451								
Act: Act of Sept. 7, 1957 (71 Stat. 621, Public Law 85-300), as amended (District of Columbia Code, sec. 2-1727).	Advances to stadium sinking fund, Armory Board.	do	30-42-0145-5-0-1	832	832	832	(6)	832
Function: 852								
Act: Act of Aug. 17, 1937 (50 Stat. 692), as amended (District of Columbia Code, sec. 47-2501).	Repayable advances to the District of Columbia general fund.	do	30-42-0144-0-1	40,000	40,000	40,000	NA	40,000
Total				1,875,932	2,094,832	2,120,832		425,232

BUDGET AUTHORITY AND OUTLAY TOTALS BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION—Continued

Title, section	Budget authority (dollars in thousands)					Outlays (dollars in thousands)					
	Current services budget for fiscal year 1977		President's budget for fiscal year 1977		Committee recommendations 1977	Fiscal year 1975 amount	Current services budget for fiscal year 1977		President's budget for fiscal year 1977		Committee recommendations 1977
	1976 estimate	1977 estimate	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
Function code: 852 Act: Public Law 93-198 (Dec. 24, 1973), as amended. Title: District of Columbia Self-Government and Governmental Reorganization Act. Sec.: 502 (District of Columbia Code, sec. 47-2501d).	$231,800	$231,800	[3] $259,688	[4] $282,707	----------	[2] $231,800	$231,800	$231,800	[3] $259,688	[4] $282,707	----------
Function code: 451 Act: Public Law 93-198 (Dec. 24, 1973), as amended. Title: District of Columbia Self-Government and Governmental Reorganization Act. Sec. 723.	152,600	152,600	248,153	114,187	----------	192,106	192,106	192,106	201,336	185,336	----------
Function code: 451 Act: Act of Sept. 7, 1957 (71 Stat. 621, Public Law 85-300), as amended (District of Columbia Code, sec. 2-1727).	832	832	832	832	----------	832	832	832	832	832	----------
Function: 852 Act: Act of Aug. 17, 1937 (50 Stat. 692), as amended (District of Columbia Code, sec. 47-2501).	40,000	40,000	40,000	40,000	----------	40,000	40,000	40,000	40,000	40,000	----------
Total	425,232	425,232	548,673	437,724	----------	464,738	464,738	464,738	501,856	508,875	----------

[1] Public Law 93-395 does not contain a termination date for the Federal payment to the District of Columbia. Each authorization is for year authorized only.
[2] Includes $5,600,000 for payment of water and sewer charges.
[3] Includes $5,688,000 for payment of water and sewer charges.
[4] Includes $2,707,000 for payment of water and sewer charges.
[5] Currently available to finance capital projects for which funds had been authorized or appropriated before Jan. 2, 1975 and to fund the District's share of METRO. Capital authorizations are normally available until drawn.
[6] Annual authorization is available for the year authorized only.

EXHIBIT 3.—HOUSE COMMITTEE ON THE DISTRICT OF COLUMBIA

BUDGET AUTHORITY AND OUTLAY TOTALS, BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION

Function, subfunction, act, title, section	Program name	Administering agency(s)/ bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Budget Authority (dollars in thousands)		
				Fiscal year 1975	Fiscal year 1976	Fiscal year 1977		Fiscal year 1975 amount	Current services budget for fiscal year 1977	
									1976 estimate	1977 estimate
AGRICULTURE (350)										
Agriculture Research and Services (352):										
District of Columbia Post-Secondary Education Reorganization Act (Public Law 93–471):										
Title II:										
Sec. 208(c)	Payments for extension education.	USDA/Extension Service.	05–27–0502–0–1	Such sums as Congress shall appropriate.			No date specified.	$826	----------	$874
Sec. 208(d)	Federal Administration	do	05–27–0502–0–1	do			do	34	----------	36
Total, subfunction								860	----------	910

BUDGET AUTHORITY AND OUTLAY TOTALS, BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION—Continued

Function, subfunction, act, title, section	Budget authority (dollars in thousands)—Continued			Outlays (dollar thousands)					
	President's budget for fiscal year 1977		Committee recommendations 1977	Fiscal year 1975 amount	Current services budget for fiscal year 1977		President's budget for fiscal year 1977		Committee recommendations, 1977
	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
AGRICULTURE (350)									
Agriculture Research and Services (352):									
District of Columbia Post-Secondary Education Reorganization Act (Public Law 93-471):									
Title II:									
Sec. 208(c)	$874	$874		$296	$874		$874	$883	
Sec. 208(d)	36	36		34	36		36	36	
Total, subfunction	910	910		330	910		910	919	

EXHIBIT 4.—HOUSE COMMITTEE ON THE DISTRICT OF COLUMBIA

BUDGET AUTHORITY AND OUTLAY TOTALS, BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION

Function, subfunction, act, title, and, section	Program name	Administering agency(s)/ bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Budget authority (dollars in thousands)		
				Fiscal year 1975	Fiscal year 1976	Fiscal year 1977		Fiscal year 1975 amount	Current services budget for fiscal year 1977	
									1976 estimate	1977 estimate
COMMERCE AND TRANSPORTATION (400):										
Ground transportation (404):										
National Capital Transportation Act of 1969, Public Law 91-143:										
Sec. 3	Federal contribution for rapid transit development for the National Capital area.	Washington Metropolitan Area Transit Authority.	31-14-0300-0-1	1 time authorization at this time.		$1,147,044	No date	$90,360	$68,024	$90,059
Total—Subfunction 404								90,360	68,024	90,059

BUDGET AUTHORITY AND OUTLAY TOTALS, BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION—Continued

Function, subfunction, act, title, section	Budget authority (dollars in thousands)—Continued			Outlays (dollars in thousands)					
	President's budget for fiscal year 1977		Committee recommendations, 1977	Fiscal year 1975 amount	Current services budget for fiscal year 1977		President's budget for fiscal year 1977		Committee recommendations, 1977
	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
COMMERCE AND TRANSPORTATION (400):									
Ground Transportation (404):									
National Capital Transportation Act of 1969, Public Law 91-143:									
Sec. 3	$68,204	$90,059	----------	$152,670	$150,000	$150,000	$150,000	$150,000	----------
Total—Subfunction 404	68,024	90,059	----------	152,670	150,000	150,000	150,000	150,000	----------

EXHIBIT 5.—HOUSE COMMITTEE ON THE DISTRICT OF COLUMBIA

BUDGET AUTHORITY AND OUTLAY TOTALS, BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION

Function, subfunction, act, title, section	Program name	Administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Budget authority (dollars in thousands)		
									Current services budget [1] for fiscal year 1977	
				Fiscal year 1975	Fiscal year 1976	Fiscal year 1977		Fiscal year 1975 amount	1976 estimate	1977 estimate
HEALTH (500)										
Health Care Services (551):										
24 U.S.C. 161–222	St. Elizabeths Hospital	DHEW/ADAMHA	09–30–1300–0–1	None specified			No date specified.	[2] 49,673	52,352	53,352
Total subfunction 551								49,673	52,352	52,352
INCOME SECURITY (600)										
General Retirement and Disability Insurance (601):										
District of Columbia Workers Compensation Act, Public Law 78–73.	Special workers compensation.	DOL/Employment standards administration.	12–15–9999–0–7	Such sums as may be necessary			No date specified.	1,244	588	688
Total, subfunction 601								1,244		

[1] Agency was operating under continuing resolution when current services budget was prepared. Terms of continuing resolution was the fiscal year 1975 level.

[2] "Or such amounts as may be necessary to provide a total appropriation equal to the difference between the amount of the reimbursements received during the current fiscal year on account of patient care provided by the hospital during such year and $49,673."

BUDGET AUTHORITY AND OUTLAY TOTALS, BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION—Continued

Function, subfunction, act, title, section	Budget authority (dollars in thousands)—Continued			Outlays (dollars in thousands)					
	President's budget for fiscal year 1977		Committee recommendations, 1977	Fiscal year 1975 amount	Current services budget for fiscal year 1977		President's budget for fiscal year 1977		Committee recommendations, 1977
	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
HEALTH (500)									
Health Care Services (551):									
24 U.S.C. 161-222	55,375	57,964		45,163	57,067	56,329	55,698	57,405	
Total, subfunction 551	55,375	57,964		45,163	57,067	56,329	55,698	57,405	
INCOME SECURITY (600)									
General Retirement and Disability Insurance (601):									
District of Columbia Workers Compensation Act, Public Law 78-73.				721	549	609			
Total, subfunction 601	588	688		721			549	609	

EXHIBIT 6.—HOUSE COMMITTEE ON THE DISTRICT OF COLUMBIA

BUDGET AUTHORITY AND OUTLAY TOTALS, BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION

Function, subfunction, act, title, section	Program name	Administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Budget authority (dollars in thousands)		
				Fiscal year 1975	Fiscal year 1976	Fiscal year 1977		Fiscal year 1975 amount	Current services budget for fiscal year 1977	
									1976 estimate	1977 estimate
LAW ENFORCEMENT AND JUSTICE (750)										
Federal Law Enforcement and Prosecution (751):										
Policemen and Firemen's Retirement and Disability Act Amendment of 1957: Section 12(b).	Contribution for annuity benefits for Executive Protection Force and Secret Service.	Department of the Treasury/Secret Service.	15-55-1407-0-1	Not specified in legislation			No date	2,933	2,600	3,000
Total, subfunction 751								2,933	2,600	3,000

BUDGET AUTHORITY AND OUTLAY TOTALS, BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION—Continued

Function, subfunction, act, title, section	Budget authority (dollars in thousands)—Continued			Outlays (dollars in thousands)					
	President's budget for fiscal year 1977		Committee recommendations, 1977	Fiscal year 1975 amount	Current services budget for fiscal year 1977		President's budget for fiscal year 1977		Committee recommendations, 1977
	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
Law Enforcement and Justice (750):									
Federal Law Enforcement and Prosecution (751):									
Policemen and Firemen's Retirement and Disability Act Amendment of 1957: Section 12(b)	2,600	4,000	----------	3,667	3,000	3,000	2,550	4,000	----------
Total, subfunction 751	2,600	4,000	----------	3,667	3,000	3,000	2,550	4,000	----------

68-249 O - 76 - 13

Section 2.—Fiscal 1977 Estimates of the District of Columbia

This section outlines the Mayor's estimates of the District's financial needs in FY 1977. On January 17, 1976, the Mayor transmitted his budget to the City Council for review. The Council subsequently cut $41,309,900 from the Mayor's operating budget, $16,867,700 from the capital budget and returned it to him for his further consideration. The budget is due to be resubmitted to the Council on February 26, 1976.

An item of particular note in the District's budget revolves around whether 6% or 8% should be the rate of pay increase for policemen and firemen. The Mayor recommended, on the basis of collective bargaining, an 8% increase effective January 1, 1976, while the Council—not a party to the bargaining negotiations—has authorized a 6% increase effective October 15, 1975. The total dollars outlay for the fiscal year is the same for both positions; however, the percentage increase adopted is expected to be the base for future increases and therefore has serious implications for future payroll and pension costs.

Section 3.—Fiscal Year 1977 Legislative Initiatives

This section contains those areas which the Committee is considering for the possible introduction of legislation.

EXHIBIT 7.—LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In millions of dollars]

Identify initiative	Budget authority	Outlays	Comment
Washington Metropolitan Area Transit Authority construction program.	536.0	536.0	Additional funding for the Federal transition quarter and fiscal year 1977 over and above that which is already authorized. This amount may be reduced by any amounts as are made available through highway fund transfers.
Establishment and contributions to District of Columbia pension funds for police, firemen, judges and teachers.	60.0	60.0	Funding for the several pension funds for 1 yr while a study is conducted to determine future funding alternatives.
Federal payment	100.0	100.0	Additional revenues to cover the shortfall between anticipated revenues and projected expenses. This addition would take the form of an "add on" amount to the Federal payment.
Medical and Dental Manpower Act	10.0	10.0	Committee plans to introduce legislation to extend the Medical and Dental Manpower Act for 3 District of Columbia medical and dental schools. Funds are to be used for student grants.
District government systems improvement study	1.5	1.5	Committee plans to introduce legislation for an outside survey of the District's management systems and the conduct of a complete financial audit.
District of Columbia Stadium bonds	20.0	20.0	Provide funds for the redemption of bonds used to finance construction of R. F. K. Stadium. Underutilization has precluded bond redemption via operating profits as originally envisioned.

Note: Because of the possibility of transfer to the District, it should be noted that the President has included in his budget $75,000,000 for rehabilitation of St. Elizabeths Hospital's physical facilities. Estimates for needed improvements range as high as $170,000,000 over a period of several years.

EXHIBIT 8.—HOUSE COMMITTEE ON DISTRICT OF COLUMBIA

BUDGET AUTHORITY AND OUTLAY TOTALS, BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION

Function, subfunction, act, title, section	Program name	Administering agency(s)/ bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Fiscal year 1975 amount budget authority (dollars in thousands)
				Fiscal year 1975	Fiscal year 1976 [1]	Fiscal year 1977 [2]		
Appropriation title:								
General operating expenses			9002	82,087.9	118,986.0	122,429.2	(3)	82,087.9
Public safety			9003	231,851.7	244,082.0	249,767.8		231,851.7
Education			9010	223,351.6	238,266.5	247,290.1		223,251.6
Recreation			9018	15,758.7	16,694.4	17,823.5		15,758.7
Human resources			9019	234,528.8	265,732.3	284,800.4		234,528.8
Transportation			9027	26,177.4	27,922.6	29,832.3		26,177.4
Environmental services			9029	56,910.0	64,021.3	73,667.4		56,910.0
Settlement of claims and suits			9002	200.3	290.2			200.3
Department of loans and interest			9002	49,067.0	63,340.6	84,846.1		49,002.0
Personal services					10,000.0	20,000.0		
Inaugural						1,260.5		
Total operating				919,933.4	1,049,375.9	1,131,717.3		919,933.4
Capital outlay			9083	204,918.0	157,227.6	52,658.4		204,918.0
Total				1,124,851.4	1,206,603.5	1,184,375.7		1,124,851.4

BUDGET AUTHORITY AND OUTLAY TOTALS, BY FUNCTION, SUBFUNCTION, AND ACT FOR PROGRAMS UNDER COMMITTEE JURISDICTION—Continued

Function, subfunction, act, title, section	Budget authority (dollars in thousands)				Outlays (dollars in thousands)				
	Current services budget for fiscal year 1977		President's budget for fiscal year 1977		Fiscal year 1975 amount	Current services budget for fiscal year 1977		President's budget for fiscal year 1977	
	1976 estimate	1977 estimate	1976 estimate [1]	1977 estimate [2]		1976 estimate	1977 estimate	1976 estimate	1977 estimate
Appropriation title:									
General operating expenses			$118,986.0	$122,429.2	$74,958.1			$109,098.3	$112,255.3
Public safety			244,082.0	249,767.8	211,219.6			223,798.8	229,012.1
Education			238,266.5	247,290.1	196,375.5			218,466.6	226,740.3
Recreation			16,694.4	17,823.5	13,665.6			15,307.1	16,342.4
Human resources			265,732.3	284,800.4	227,184.9			243,649.9	261,133.5
Transportation			27,922.6	29,832.3	22,656.9			25,602.2	27,353.2
Environmental services			64,021.3	71,667.4	48,581.3			58,701.1	67,545.6
Settlement of claims and suits			290.2		33.6			290.2	
Department of loans and interest			63,386.4	84,846.1	49,962.8			63,380.4	84,846.1
Personnel services			10,000.0	20,000.6				10,000.0	20,000.0
Inaugural				1,260.5					1,260.5
Total operating			1,049,375.9	1,131,717.3	843,542.5			968,294.8	1,046,489.0
Capital outlay			157,227.6	52,658.4	192,106.0			201,336.0	185,136.0
Total			1,206,603.5	1,814,375.7	1,035,648.5			1,169,630.8	1,231,625.0

[1] Revised fiscal year 1976 request, including amendment, pending in council and Congress.
[2] Based on executive budget request to the council.
[3] Based on annual authority.

U.S. House of Representatives,
Committee on the District of Columbia,
Washington, D.C., March 10, 1976.

Hon. Brock Adams,
Chairman, House Budget Committee, Rayburn House Office Building, Washington, D.C.

Dear Mr. Chairman: The receipt of additional information necessitates the modification of certain items in our fiscal 1977 budget submission. Please replace the data received in our March 2, 1976, transmittal with the following:

1. Changes on Exhibit I—

A. Subfunction 352 (Agriculture Research and Services). The outlay figure for the fiscal year 1977 estimate should be changed from 910 thousand to 919 thousand.

B. Subfunction 404 (Ground Transportation). The current amounts in this row should be disregarded and replaced by the following amounts: Under the column labeled Budget Authority, the fiscal year 1975 actual figure is $126,889; the fiscal year 1976 estimate is $99,724; and the fiscal year 1977 estimate is $116,233. Under the column labeled Outlays, the fiscal year 1975 actual is $175,306; the fiscal year 1976 actual is $181,600; and the fiscal year 1977 estimate is $184,574.

2. Changes on Exhibit 2—

A. Function code 451 (Loans to the District of Columbia for Capital Outlay). The outlay figure for the President's Budget 1977 estimate should be changed from $185,336 to $185,136.

B. Function code 451 (Advances to Stadium Sinking Fund Armory Board). The appropriation account number should be changed from 30–42–0145–5–0–1 to 30–42–0145–0–1.

3. Changes on Exhibit 4—

A. Subfunction 404 (Ground Transportation). The amounts under Budget Authority should be changed from their present amounts to the following: fiscal 1975 amount $126,889; President's budget 1976 estimate $99,724; and President's budget 1977 estimate $116,233. The amounts under Outlays should be changed from their present amounts to the following: Fiscal 1975 amount $175,306; current services budget 1976 estimate $181,600; current services budget 1977 estimate $177,874; President's budget 1976 estimate $181,600; President's budget 1977 estimate $184,574.

4. Changes on Exhibit 7—

A. A further additional legislative initiative should be added as follows:

Identify initiative:	*Budget authority*	*Comment*
Commission to study the adequacy of the Federal payment.	.250	To provide funds for the establishment of the Commission.
Outlays: .250		

In all cases the Committee's recommended amount is equal to the President's recommended amount.

The changes suggested are indeed small, but are provided in the interest of accuracy.

We will keep you apprised of changes as they occur.

Sincerely,

Charles C. Diggs, Jr.

U.S. House of Representatives,
Committee on the District of Columbia,
Washington, D.C., March 15, 1976.

Hon. Brock Adams,
Chairman, House Budget Committee, Rayburn House Office Building, Washington, D.C.

Dear Mr. Chairman: As an update to the recently submitted March 15 report, please find enclosed a copy of a legislative proposal to revise the basis for estimating the annual Federal payment to the District in lieu of charges for water and sewer services.

The District's Fiscal Year '77 budget request will have to be amended to include $5,250,000 as payment for water services and $4,591,000 as payment for sanitary services.

The amounts represent increases of $3,751,000 and $3,383,000 respectively over the estimates in the President's 1977 budget.

Although the amounts are small they are submitted in the interest of accuracy.

Sincerely,

Charles C. Diggs, Jr.

Enclosure.

Proposed Legislation on Federal Payments to Water and Sanitary Sewage Works Funds

The Mayor's 1976 Legislative Program contains a proposal to revise the basis for estimating the annual Federal Payments to the District in lieu of charges for water and water services and sanitary sewer services and to make other changes necessitated by the change in the fiscal year and the elimination of the special funds of the District. Enactment of the proposed legislation will result in increases in the current estimates of Federal funds to be appropriated to the District for Fiscal Year 1976, the 1976 interim quarter, and Fiscal Year 1977.

Special Federal Payments to the District's Water Fund and Sanitary Sewage Works Fund in lieu of charges for water and water services and sewage services are authorized by the Act of May 18, 1954, as amended (D.C. Code, Sections 43–1541 and 43–1611). The District provides such services to numerous Federal facilities in the city and in surrounding jurisdictions. Charges for the services are computed on the basis of actual consumption at the rates in effect for other users of the services.

Under existing law, there is a period of more than 2 years between the time services are rendered by the District and the time payment is received. The delay is due to the requirement that the annual budget estimates for the Federal Payments be based on the amount of water and sewer services furnished to the United States during the most recent fiscal year for which value can be determined, with the charge computed at the rates in effect during the period in which the services are furnished. As a result of that requirement, the special Federal Payments appropriated to the District for a given fiscal year are for services provided approximately 2 years earlier and are not related to the actual costs of providing water and sewer services to Federal facilities in the year in which they are received. In view of the rising costs to the District of providing the services and the accompanying rate increases for the charges, the existing payment procedure is not

an equitable method for reimbursing the city for costs incurred in furnishing the services.

The legislation we propose will put the Federal Payments for water and sewer services on a current basis, with annual budget estimates based on the amount of services expected to be provided during the fiscal year for which the payments are appropriated.

To make the transition from the current appropriation procedure to the procedure we recommend, the Federal Government will have to make payments in Fiscal Year 1976 for water and sewer services provided by the District in Fiscal Years 1974, 1975, and 1976. On the basis of actual consumption in the past 2 years and estimated consumption in the current year, the payments that would be appropriated in the city's Fiscal Year 1976 Appropriations Act are $9,499,000 for water and water services and $6,570,000 for sanitary sewer services. Those amounts represent increases of $6,249,000 and $4,132,000 respectively above the estimates contained in the President's 1976 budget, which were based on services provided in Fiscal Year 1975 only. The total amounts to be requested for Fiscal Year 1976 include the following charges:

[In thousands of dollars]

Year in which services rendered	Water services	Sewer services
Fiscal year:		
1974	3,250	2,438
1975	1,499	1,208
1976	4,750	2,924
Total	9,499	6,570

For the Fiscal Year 1976 interim quarter, the payments would be $1,312,000 for water and water services and $1,148,000 for sanitary sewer services. The increases of $449,500 and $538,500 respectively above the estimates in the President's budget are due to the proposed rate increases for charges for those services, which are scheduled to go into effect July 1, 1976.

The Fiscal Year 1977 budget request would have to be amended to include $5,250,000 as the payment for water and water services and $4,591,000 as the payment for sanitary sewer services. Those amounts are based on estimates for services to be provided for that year at the proposed new rates. The amounts to be appropriated, as provided for by the draft legislation, represent increases of $3,751,000 and $3,383,000 over the estimates in the President's 1977 budget; the estimates were based on the services actually furnished by the District in Fiscal Year 1975.

The draft bill also provides that the payments be advanced on October 1 of each fiscal year, instead of July 1, as now provided. The October 1 date is consistent with the new Federal fiscal year (October 1 through September 30), which was authorized by the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93–344; July 12, 1974).

The proposed legislation provides that the special Federal Payments so authorized shall be made to the General Fund of the District, rather than to the Water Fund and Sanitary Sewage Works Fund.

The two special funds were abolished by the Revenue Funds Availability Act of 1975 (D.C. Law 1–42; January 22, 1976).

We intend to submit the draft legislation to the Office of Management and Budget in the next several days.

Please let me know if you have questions on this matter.

MAJORITY MEMBERS
CARL D. PERKINS, KY., CHAIRMAN
FRANK THOMPSON, JR., N.J.
JOHN H. DENT, PA.
DOMINICK V. DANIELS, N.J.
JOHN BRADEMAS, IND.
JAMES G. O'HARA, MICH.
AUGUSTUS F. HAWKINS, CALIF.
WILLIAM D. FORD, MICH.
PATSY T. MINK, HAWAII (ON LEAVE)
LLOYD MEEDS, WASH.
PHILLIP BURTON, CALIF.
JOSEPH M. GAYDOS, PA.
WILLIAM (BILL) CLAY, MO.
SHIRLEY CHISHOLM, N.Y.
MARIO BIAGGI, N.Y.
IKE ANDREWS, N.C.
WILLIAM LEHMAN, FLA.
JAIME BENITEZ, P.R.
MICHAEL BLOUIN, IOWA
ROBERT CORNELL, WIS.
TED RISENHOOVER, OKLA.
PAUL SIMON, ILL.
EDWARD BEARD, R.I.
LEO ZEFERETTI, N.Y.
GEORGE MILLER, CALIF.
RONALD MOTTL, OHIO
TIM HALL, ILL.

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
COMMITTEE ON EDUCATION AND LABOR
2181 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515

MINORITY MEMBERS
ALBERT H. QUIE, MINN.
JOHN M. ASHBROOK, OHIO
ALPHONZO BELL, CALIF.
JOHN N. ERLENBORN, ILL.
MARVIN L. ESCH, MICH.
EDWIN D. ESHLEMAN, PA.
PETER A. PEYSER N.Y.
RONALD A. SARASIN, CONN.
JOHN BUCHANAN, ALA.
JAMES M. JEFFORDS, VT.
LARRY PRESSLER, S. DAK.
WILLIAM F. GOODLING, PA.
VIRGINIA SMITH, NEBR.

TELEPHONES:
MAJORITY—225-1827
MINORITY—225-3725

March 11, 1976

Honorable Brock Adams, Chairman
Committee on the Budget
U. S. House of Representatives
Washington, D.C. 20515

Dear Chairman Adams:

Pursuant to section 301(c) of the Congressional Budget Act of 1974, I am submitting to the Committee on the Budget of the House the views and estimates of the Education and Labor Committee of the U. S. House of Representatives on the fiscal year 1977 federal budget as it relates to matters within the jurisdiction of the Committee.

This report was approved by the Committee in open session on Tuesday, March 9, 1976.

The Committee's report consists of a narrative explanation of the Committee action accompanied by the five completed charts designed by the House Budget Committee and an additional chart summarizing charts I through V.

In addition, I am attaching: (1) the dissenting views signed by Mr. Quie, Mr. Bell, Mr. Esch, Mr. Erlenborn, Mr. Buchanan, Mr. Jeffords, Mr. Goodling, Mrs. Smith, and Mr. Eshleman, (2) the dissenting views of Mr. Ashbrook, and (3) the additional views of Mr. Erlenborn.

Best wishes.

Sincerely,

Carl D. Perkins
Chairman

Enclosures

REPORT OF THE EDUCATION AND LABOR COMMITTEE OF THE U. S. HOUSE OF REPRESENTATIVES TO THE BUDGET COMMITTEE OF THE U. S. HOUSE OF REPRESENTATIVES AS REQUIRED BY SECTION 301(c) OF THE CONGRESSIONAL BUDGET ACT OF 1974

In respectfully submitting to the House Budget Committee the House Education and Labor Committee report as required by Section 301(c) of the Congressional Budget Act of 1974, the Committee makes its recommendations using the five forms supplied by the Budget Committee. In so doing, the Committee feels that its presentation may be prejudiced at the outset because these forms require a comparison of the Committee's view strictly with the views and under the format of the President's budget request to the Congress. Were the Committee to present its views in relation to the second budget resolution for fiscal year 1976, the recommendations would more appropriately coincide with recent Congressional program and budget policy determinations.

A summary of the Committee's action is reflected in the following table:

Budget Authority

($ in billions)

	1976 Appropriation	1977 President's Request	1977 Committee Recommendation
Ongoing Programs	$19.4	$14.0	$23.2
President's Initiatives	-	2.9	0
Subtotal	19.4	16.9	23.2
(Difference with 1977 Budget)	(+2.5)		(+6.3)
Congressional Initiatives	-	-	5.6
Total	19.4	16.9	28.8
(Difference with 1977 Budget)	(+2.5)		(+11.9)

Without reference to the second budget resolution for fiscal year 1976, the difference between the President's budget and the Committee proposal is distorted. The differences between the President's budget and the Committee proposal are:

		($ in billions) Budget Authority
Legislative initiatives		
CETA VI	$4.5	
Extension of ongoing programs	0.8	
Others	0.3	$ 5.6
Continuing programs		
Child nutrition		1.3
Education Division - advance funding		1.2
- student aid		1.2
- other activities		0.8
Employment training and older Americans employment		0.8
Pre-school, vocational rehabilitation, health and safety, community services, volunteer activities, juvenile delinquency, arts and humanities, YCC, and other research and training programs		1.0
		11.9

From the preceding table it will be seen that $5.6 billion of the difference between the President's budget and the Committee proposal is made up of new legislative authorizations of the Committee or the continuation of on-going programs by new authorizing legislation for which the President requests no new budget authority. Of this $5.6 billion, $4.5 billion is essential to fund title VI of the Comprehensive Employment and Training Act (CETA). Authority for title VI expires on June 30th and the President requests no budget authority for it in fiscal year 1977. However, on February 10th this year the House passed H.R. 11453 extending title VI and the $4.5 billion requested by the Committee is necessary to maintain a funding level for 600,000 public service jobs through fiscal year 1977, the level established for the final quarter for fiscal year 1976 within the restraints of the second budget resolution.

To fund new programs described on Chart IV, and an extension of existing higher education and vocational education programs (expiring this fiscal year) for which the President requests no budget authority, approximately $1.1 billion will be required.

It will be seen that the President seeks to amend existing law (a legislative transmittal not received by the Congress at the time of writing this report) in order to effect a $1.3 billion reduction in school lunch and child nutrition assistance. The First Session of the 94th Congress having just passed new school lunch and child nutrition legislation over a Presidential veto, it is unlikely that the Second Session will agree with the new proposal when it is transmitted.

The preceding table reflects a Committee proposal for $1.2 billion in forward funding for vocational education, the Elementary and Secondary Education Act, adult education and Education of the Handicapped Act, all recent Congressional initiatives, over the President's forward funding requests. These will not be reflected in outlays for fiscal year 1977.

The Committee proposal provides $1.2 billion above the President's request to increase funding for basic opportunities grants and the college work-study program.

Eight hundred million dollars of the difference is brought about by increases the Committee suggests in programs dealing with Indian education, the Emergency School Aid Act, basic grants to states for vocational education, library services and construction, educational research and related administrative costs to the Education Division.

Still another $800 million represent increases in the Comprehensive Employment and Training Act for training activities, other than those reported in connection with title VI, and employment programs for older Americans.

The remaining $1 billion is comprised of increases in a wide range of programs including Head Start, vocational rehabilitation, health and safety programs, community services, volunteer activities, juvenile delinquency, arts and humanities, the Youth Conservation Corps, coal mine health and safety research and related training and administrative costs.

The Committee's recommendations differ with the President's budget request for the transition quarter as reflected by the following table. The Committee proposal in this respect is necessary to maintain programs at an appropriate level during this period.

	Transition Quarter ($ in billions)	
	President's Request	Committee Proposal
Budget Authority	$2.9	$4.9
Outlays	4.6	6.2

Outlays

The effect of the Committee's recommendation on outlays presents a slightly different picture. The following charts which correspond to those on pages 2 and 3, respectively, display the outlays.

Outlays

($ in billions)

	1976 Appropriation	1977 President's Request	1977 Committee Recommendation
Ongoing Programs	$20.3	$15.2	$20.9
President's Initiatives	-	3.3	0
Subtotal	20.3	18.5	20.9
(Difference with 1977 Budget)	(+1.8)		(+2.4)
Congressional Initiatives	-	-	5.2
Total	20.3	18.5	26.1
(Difference with 1977 Budget)	(+1.8)		(+7.6)

68-249 O - 76 - 14

The $7.6 billion is derived as follows:

		($ in billions)
		Outlays
Legislative initiatives		
CETA VI	$4.7	
Extension of ongoing programs	0.2	
Others	0.3	$5.2
Continuing programs		
Child nutrition		0.7
Education Division - advance funding		-
- student aid		-
- other activities		1.3
Employment training and older Americans employment		(-0.2)
Pre-school, vocational rehabilitation, health and safety, community services volunteer activities, juvenile delinquency, arts and humanities, YCC, and other research and training programs		0.6
		7.6

COMMITTEE ON EDUCATION AND LABOR

ESTIMATES ON THE PRESIDENT'S FY 1977 BUDGET
($ millions)

SUMMARY - CHARTS I - V

		President's Request		Committee Recommendation		Difference	
		Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays
CHART I	- President's budget requests for existing programs which require re-enactment or modification of authorizing legislation for FY 1977	$ 3,675.6	$ 3,938.7	$ 5,797.3	$ 4,504.3	$(+2,121.7)	$(+565.6)
CHART II	- President's budget requests for new and expanded programs which would require authorizing legislation for FY 1977	282.6	299.0	0	0	(-282.6)	(-299.0)
CHART III	- President's budget request for reductions in existing programs which would require amendment of authorizing legislation for FY 1977	2,585.0	2,990.0	4,418.5	4,077.9	(+1,833.5)	(+1,087.9)
CHART IV	- Legislative initiatives of the Committee on Education and Labor for FY 1977	0	0	5,607.7	5,159.0	(+5,607.7)	(+5,159.0)
CHART V	- President's budget request for existing programs which do not require authorizing legislation for FY 1977	10,380.8	11,264.1	13,033.2	12,387.2	(+2,652.4)	(+1,123.1)
		16,924.0	18,491.8	28,856.7	26,128.4	(+11 932.7)	(+7,636.6)

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS

WHICH REQUIRE RE-ENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

		President's Request		Committee Recommendation	
Subfunction	Major Issue or Program	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)
451	Action (Domestic Volunteer Services Act of 1975)	$ 38.6	$ 38.1	$ 56.1 (+17.5)	$ 61.8 (+23.7)
501	Vocational Education	539.3	0	746.0 (+206.7)	0
502	Higher Education	1,994.2	2,695.4	3,601.0 (+1,606.8)	3,004.9 (+309.5)
503	Arts & Humanities, Library Resources, NIE, Special Projects & Training	327.5	429.2	557.2 (+229.7)	600.6 (+171.4)
506	Rehabilitation Services & Facilities	776.0	776.0	837.0 (+61.0)	837.0 (+61.0)
		3,675.6	3,938.7	5,797.3 (+2,121.7)	4,504.3 (+565.6)

II. PRESIDENT'S BUDGET REQUESTS

FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

Legislative Proposal	President's Request: Budget Authority	President's Request: Outlays	Committee Recommendation: Budget Authority (Difference)	Committee Recommendation: Outlays (Difference)	Comment
Departmental Management Allied Services	$ 20.0	$ 5.0	$ 0 (-20.0)	$ 0 (-5.0)	The Committee is not likely to complete consideration on this proposal during the 94th Congress.
Financial Assistance for Elementary & Secondary Education Act**	262.6*	294.0	0 (-262.6)	0 (-294.0)	In 1974 the Congress substantially revised Elementary and Secondary Education programs. It is unlikely that the Committee will take up any further revision at this late date in the 94th Congress.**
	282.6	299.0	0 (-282.6)	0 (-299.0)	

*To be submitted in a supplemental contingent upon Congressional action on new legislation.
**The new authorizing legislation was transmitted by the President to the Congress on March 1 1976.

III. PRESIDENT'S BUDGET REQUEST

FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

Function	Legislative Proposal	President's Request		Committee Recommendation		Comment
		Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	
500	WIN, Impact Aid	$ 585.0	$ 698.5	$ 1,100.5 (+515.5)	$ 1,075.0 (+376.5)	The Committee is unlikely to consider the proposal to change the WIN legislation in time to affect the 1977 Budget. Because the Committee made substantial changes in the Impact Aid program in the Education Amendments of 1974, further amendment of Impact Aid legislation is unlikely at this time.
600	Child Nutrition/ School Lunch, Special Milk	2,000.0	2,291.5	3,318.0 (+1,318.0)	3,002.9 (+711.4)	Congress having re-enacted these nutrition programs in 1975 by overriding a Presidential veto, the Committee is unlikely to take up legislative revision at this time. (President's proposed legislative changes not submitted at the time of filing this report).
		2,585.0	2,990.0	4,418.5 (+1,833.5)	4,077.9 (+1,087.9)	

IV. LEGISLATIVE INITIATIVES OF THE COMMITTEE ON EDUCATION AND LABOR FOR F.Y. 1977

($ in millions)

	Budget Authority	Outlays	Comment
Youth Camp Safety	$ 7.0	$ 7.0	(H.R. 46, passed by the House April 17, 1975) The bill provides financial and technical assistance to states to implement their own youth camp safety standards and provides a mechanism to enforce federal minimum standards in each state.
Career Education	5.0	5.0	(H.R. 11023, pending in the Elementary, Secondary and Vocational Education Subcommittee) The bill provides for planning grants to the states to develop programs of career education.
Young Adult Conservation Corps	50.0	50.0	(H.R. 10138, pending in the Manpower, Compensation and Health and Safety Subcommittee) The bill provides employment for young adults to work on projects of a public nature on the lands and waters of the United States. It is designed to complement the highly successful Youth Conservation Corps so as to provide year-round employment. The authorization for FY 1977 is for preparation of plans to enable a full-blown program to be carried out in the succeeding fiscal years.
The Full Employment and Balanced Growth Act of 1976*	50.0	50.0	(H.R. 50, currently pending before the Equal Opportunities Subcommittee) The bill proposes to translate into practical reality the right of adult Americans able, willing, and seeking to work to full opportunity for useful, paid employment at fair rates of compensation; to combine full employment, production, and purchasing power goals with proper attention to balanced growth and national priorities; and to mandate such national economic policies and programs as are necessary to achieve full employment, production, and purchasing power.

*Amended title of H.R. 50

(Continued)

IV. LEGISLATIVE INITIATIVES OF THE COMMITTEE ON EDUCATION AND LABOR FOR F.Y. 1977

($ in millions)

	Budget Authority	Outlays	Comment
			The Committee proposal of $50 million for FY 1977 provides for the estimated amount of administrative expenses needed to begin the implementation of this program. No other FY 1977 expenses in connection with this Act are expected.
Workers' Compensation	15.0	15.0	(H.R. 9431, pending before the Manpower, Compensation and Health and Safety Subcommittee) The bill proposes to strengthen state workers' compensation programs by establishing federally-guaranteed workers' compensation benefits and the mechanism to enforce such federal minimum standards while maintaining state workers' compensation systems. The figure proposed by the Committee for FY 1977 provides for funding to begin to implement the bill.
Black Lung Benefits Reform Act of 1975	151.0	84.0	(H.R. 10760, passed by the House March 2, 1976) The bill creates an industry-supported trust fund to pay death and disability claims filed after 1973, provides benefits based on 30 years of past employment in an underground bituminous mine, and makes other amendments to the Act that facilitate substantiation of eligibility for such benefits.

(Continued)

IV. LEGISLATIVE INITIATIVES OF THE COMMITTEE ON EDUCATION AND LABOR FOR F.Y. 1977

($ in millions)

	Budget Authority	Outlays	Comment
Emergency Employment Project Amendments of 1976	4,500.0	4,700.0	(H.R. 11453, passed by the House February 20, 1976) The bill does two things: (1) it continues authority for the 273,000-job public service employment program under title VI of the Comprehensive Employment and Training Act (CETA), and (2) it authorizes a new Part B of title VI which provides for an additional 280,000 jobs in the form of largely non-governmental, local, emergency employment projects in order to bring the total number of public service jobs supported under titles II and VI of CETA to the 600,000 job level provided for in the second concurrent resolution on the budget for FY 1976.
Other programs to be reauthorized and House-passed authorizations for which there is no Presidential request	829.7	248.0	SEOG's, Direct Loans, University Community Services, Land Grant Colleges (including permanent 2nd Morrill Act), Sec. 1202 Commissions, Veterans' Instruction, EPDA, Ellender Fellowships, Community College Assistance, Ethnic Heritage, Vocational Education Act of 1963 Parts F, G, H, I, and Sec. 122(a)(4), and Indochina Refugee Children Assistance Act of 1975.
TOTAL	$5,607.7	$5,159.0	

V. PRESIDENT'S BUDGET REQUESTS

FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977
($ millions)

Function or Subfunction	Major Issue or Program	President's Request: Budget Authority	President's Request: Outlays	Committee Recommendation: Budget Authority (Difference)	Committee Recommendation: Outlays (Difference)
	Rescissions: All rescissions affecting the Office of Education, proposed on November 18, 1975, have been denied by Congress. They were R76-9A, R76-10A, R76-11, R76-12, R76-13, R76-14, and R76-38. Current rescissions, R76-30 and R76-43 affecting Special Milk and Community Services, should in the Committee's opinion also be denied.				
	Aggregate of funding levels for which no change is recommended	$2,296.7	$2,386.6	$2,296.7 (0)	$2,386.6 (0)
300	Youth Conservation Corps & Mining Research	35.4	51.4	90.0 (+54.6)	75.0 (+23.6)
451	Community Services Administration & OAVP	389.3	419.6	608.5 (+219.2)	571.5 (+151.9)
501	Elementary & Secondary Education, Indian Education (BIA & OE), Emergency School Aid, Adult, Handicapped & Child Development	4,191.9*	3,820.9	5,382.7 (+1,190.8)	4,609.3 (+788.4)
503	Assistant Secretary for Education, Special Projects, Libraries and Information Science	63.3	55.9	78.3 (+15.0)	70.3 (+14.4)
504	CETA & Older Americans Employment	2,794.4	3,859.4	3,612.4 (+818.0)	3,613.2 (-246.2)
506	Employment Standards Administration S&E, Youth Development, Aging, Native Americans, Assistant Secretary for Human Development S&E	364.6	432.0	486.1 (+121.5)	665.6 (+233.6)
553	NIOSH/O&SH Administration	165.1	149.0	325.2 (+160.1)	239.3 (+90.3)
700	EEOC/Juvenile Justice & Delinquency Prevention	80.1	89.3	153.3 (+73.2)	156.4 (+67.1)
		10,380.8	11,264.1	13,033.2 (+2,652.4)	12,387.2 (+1,123.1)

*Includes amounts in the President's Budget to be funded if Congress does not approve the proposed block grant for education.

DISSENTING VIEWS ON THE EDUCATION AND LABOR COMMITTEE REPORT TO THE HOUSE BUDGET COMMITTEE

We, too, support the adequate Federal funding of the many grant and benefit programs which come within the jurisdiction of the Committee on Education and Labor.

The purpose of the 1974 Budget Act was to pull together a procedure and a method so that the Congress would be able to deal with the Federal budget in a coherent, meaningful way. That, of course, involves the need to set priorities within the Federal budget and the need to make some hard decisions about what is really important for Federal funding.

To our distress, the Committee has chosen instead to regard this report to the Budget Committee as a simple exercise in restating, for the most part, the authorization levels already enacted into law. Since authorization levels in many programs are often artificially high, the repeating of those numbers serves no valid purpose. It merely continues to perpetuate unrealistic assumptions and to raise hopes which most likely cannot be fulfilled.

Generally, we support the premise that the total sum of funds for which this Committee has jurisdiction should grow at a level of about 7 percent between FY 1976 and FY 1977. That would represent an increase approximately equal to recent experience with inflation levels in the economy. However, we would not apply that 7 percent uniformly across the board.

We believe that one of the most important principles in the new budget process is the requirement that Congress begin making some of the critical decisions about Federal priorities. To illustrate this point, we believe that the Federal government has a continuing and expanding commitment to provide assistance for the education of handicapped children, and we would therefore support a sizable increase in Federal support for that purpose. On the other hand, we do not believe that the impact aid program should continue to receive funding at the level of the last several years. We would, therefore, suggest that our Committee needs to look at the programs in Function 500, and to a lesser extent to those other functional categories where we have jurisdiction, with a critical eye toward developing priorities for Federal funding.

If one assumes a 7 percent increase over the 1976 appropriation level, the total of appropriations for programs within Education and Labor jurisdiction would come to some $20.8 billion, up from the actual 1976 appropriation level of $19.4 billion. That $20.8 billion figure for FY 1977 is some $4.8 billion, or about 28 percent, above the Administration's budget request for next year. That certainly is evidence of our own disagreement with many of the priorities in the Federal budget and of our willingness to provide adequate funding for the programs within our purview.

One of our chief concerns with respect to the new budget process is that it does not provide an opportunity for the authorizing committees to respond to the recommendations of the budget committees in the way that departments and agencies have an opportunity to respond to OMB direction. If, in fact, the Congressional budget process is to provide the Congress with a situation somewhat analogous to that which exists in the Executive branch, then in our view it has missed its mark. By failing to include the most crucial element, the right of appeal, the authorizing committees have been deprived of a very significant voice in the determination of priorities.

We believe that once the Budget Committee arrives at figures for specific functional areas that they should then return to the various authorizing committees for specific guidance before establishing final figures for functions and subfunctions. It may be that an amendment to the Congressional Budget and Impoundment Control Act will be necessary to make this process a formal one. However, in the absence of a formal provision in the law, we urge the Budget Committee to undertake this obligation to communicate with authorizing committees on at least an informal basis. The result of that dialogue would be a much better thought out establishment of priorities and would probably result in fewer amendments to the budget resolution being offered on the floor of the House. We commend this idea to the Budget Committee and urge all of our colleagues to consider the necessity of establishing priorities for Federal spending.

Albert H. Quie, M.C., Alphonzo Bell, M.C., Marvin L. Esch, M.C., John N. Erlenborn, M.C., John Buchanan, M.C., James M. Jeffords, M.C., William F. Goodling, M.C., Virginia Smith, M.C., Edwin D. Eshleman, M.C.

DISSENTING VIEWS OF JOHN M. ASHBROOK OF THE EDUCATION AND LABOR COMMITTEE ON BUDGET RECOMMENDATIONS

I agree with many of the points made by the minority in the dissenting views. However, I disagree with their statement that "generally, we support the premise that the total sum of funds for which this committee has jurisdiction should grow at a level of about 7 percent between fiscal 1976 and fiscal 1977." While it is true that some programs should be placed on a higher priority, this can be accomplished by trimming or cutting out altogether those programs which are not necessary or justifiable in a time of high deficits. Unfortunately, most of these programs have been allowed to grow and grow and grow.

In particular, many shady grants and demonstration projects could be curtailed to the minimum if not completely cut out during this period of high deficits. Moreover, sound spending policies will only be achieved by the use of the zero-base budget philosophy. Rather than adding on each year and taking for granted the expenditures of previous years, all programs should start out with zero and be forced to prove every penny that they spend. Only in this way, can we hold the line which is absolutely imperative.

John M. Ashbrook.

ADDITIONAL VIEWS OF JOHN N. ERLENBORN ON THE EDUCATION AND LABOR REPORT TO THE HOUSE BUDGET COMMITTEE

I signed the dissenting views on this Report because they make a number of important points that I believe must be given serious consideration by the House Budget Committee and the Congress. However, I question whether a 7 percent across-the-board increase over the 1976 appropriation levels for those programs within the Education and Labor Committee's jurisdiction is a prudent basis for raising spending levels.

My first concern is that this method does not accommodate an evaluation of each program's aims and effectiveness. If we agree that ever-increasing Federal deficits are a major cause of inflation, then we must face the difficult decisions involved in establishing spending priorities.

I believe a zero-base approach would be more desirable. That is, we should not necessarily accept last year's appropriation as a base and simply add to each program. Some might better be funded at a lower level, or be eliminated. Others might justify increased spending.

This leads to my second concern, and that is a spending level of $4.8 billion above the Administration's budget request for just one segment of the total budget. That budget contemplates a deficit of $43 billion for Fiscal 1977. I am persuaded that our economy (and, therefore, the people) would be better served if we could reduce that figure, and I will be extremely reluctant to increase it.

JOHN N. ERLENBORN.

REPORT OF THE COMMITTEE ON GOVERNMENT OPERATIONS

CONGRESS OF THE UNITED STATES,
COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C., March 12, 1976.

Hon. BROCK ADAMS,
Chairman, Committee on the Budget, U.S. House of Representatives, Washington, D.C.

DEAR BROCK: In conformity with the requirements of section 301(c) of the Congressional Budget Act, there is enclosed the Committee's Views and Estimates on new budget authority and budget outlays to be authorized by the Committee for incorporation in the Congressional Budget Resolution for FY 1977, and Views and Estimates on budget authority and budget outlays for FY 1977 for those programs which the Committee had authorized previously. The views and estimates are arranged in accordance with the outline supplied to us by your Committee. You will note that the major increase is in the revenue sharing program. This increase is necessitated to a large extent by the use of a misleading and legally questionable procedure in the President's budget submission. The budget request figure would require Congress to amend the existing revenue sharing program and rescind appropriations already enacted. Other increases in budgetary authority and outlays have been recommended in a few instances, but in each case it is believed such increases will produce far greater budgetary savings.

Each of the Committee's subcommittees was requested to supply their views and estimates. The attached report reflects their responses. The uniqueness of this experience and the relatively short time within which this report had to be prepared meant, however, that the review process had to be foreshortened. In the case of many activities, under the Committee's jurisdiction, no recommendations are made because time did not permit a sufficiently indepth review to be conducted.

Now that we have gained experience, the Committee will be prepared to conduct indepth reviews in order to fully support the views and estimates it will file in regard to the FY 1978 budget.

If we can be of further assistance, please let me know.

With best wishes, I am

Sincerely,

JACK BROOKS, *Chairman.*

Enclosures.

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's budget		Committee recommendation		Comment
	Budget authority	Outlay	Budget authority (difference)	Outlays (difference)	
General revenue sharing	6,542	6,542	6,761 (+219)	6,761 (+219)	The committee is in the process of marking up extension of this legislation which would otherwise terminate on Dec. 31, 1976. Until the committee reports the legislation, no specific budget authority or outlay figures can be recommended. However, the subcommittee with jurisdiction over the matter has tentatively adopted a position in favor of continuing the program for 3¾ years. It has recommended that it be continued through fiscal year 1977 at its present funding level plus an additional amount required to hold harmless recipients who would be adversely affected by changes that may be made in the allocation formula. It is estimated that such additional amount will not exceed $106,500,000 for the last 3 quarters of fiscal year 1977. The 1st quarter is not affected as changes will not occur until Jan. 1, 1977. The remaining $112,500,000 increase is a technical adjustment in the amount submitted in the President's budget request. The budget request would have amended the existing program by reducing the amount available during the last entitlement period (July 1, 1976 to Dec. 31, 1976). The committee is not expected to amend the current program.

II. PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

None.

III. PRESIDENT'S BUDGET REQUESTS FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

None.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

Identify initiative	Budget authority	Outlays	Comment
Establishing an Agency for Consumer Protection	10,000,000	10,000,000	The budgetary authority and outlay levels recommended herein reflect the amount of appropriations provided for in H.R. 7575, the House passed bill. It is also consistent with the estimates of costs contained in House Report 94-425, accompanying the report on H.R. 7575. The legislation passed the House on Nov. 6, 1975. A similar bill had passed the Senate on May 15, 1975. The matter awaits further Senate action.
Providing for a National Women's Conference	5,000,000	5,000,000	The budgetary authority and outlay levels recommended herein represent the level of authorization in H.R. 9924 which passed the House on Dec. 10, 1975. It passed the Senate on Dec. 11, 1975, and was signed into law on Dec. 23, 1975.
Countercyclical or antirecessionary revenue sharing			The committee may consider legislation authorizing countercyclical aid to State and local governments during periods of recession or high unemployment. The committee has not had an opportunity to address this matter and therefore no specific amount can be recommended at this time.

68-249 O - 76 - 15

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In thousands of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
General Accounting Office	147,437	150,138	151,418 (+3,981)	154,119 (+3,981)	The GAO, as the chief investigatory arm of Congress, has had its budget increased significantly in recent years. This is only proper as the duties imposed upon it have grown in keeping with the determination by Congress to expand its policymaking and oversight responsibilities. GAO has not only increased its reviews of ongoing programs, but has directed its effort into conducting more sophisticated, systems-type reviews which cut across narrow program lines and encompass broader scale and interrelated operations. In addition, Congress has imposed upon the GAO an increasingly active role in monitoring specific legislative items. In just the last several years, legislation dealing with energy, veterans' affairs, national productivity, international trade, health planning, unemployment, railroad consolidations, and many other matters have incorporated such monitoring responsibilities within them. This takes money and manpower. The level of budget authority requested for fiscal year 1977 is none too high. An increase of $3,981,000 is shown over that recommended in the President's budget. This increase represents an amount the Comptroller General is requesting to support new duties imposed upon the GAO in the Energy Policy and Conservation Act of 1975, enacted too late to be incorporated into the President's budget proposal. In addition, in one area reviewed by the committee, it is believed that additional resources should be provided together with a reorganization of functions. This is in the area of automatic data processing, communications and data management, and records management. At present, 2 separate divisions within the GAO—Logistics and Communications and Financial and General Management Studies—share this responsibility. Together, approximately 48 persons are assigned these responsibilities among the two divisions with no recommended increase for fiscal year 1978. Efficiency would seem to require the combination of these functions within 1 of the 2 divisions and an increase in manpower of 10 to 15 persons to be provided. It should also be noted that only nominal increases are requested in the several divisions within GAO with responsibility over the Department of Defense. Since savings on military procurement, manpower, and operations would appear to promise high dollar savings, this no-growth sector of the budget may be questioned. In fiscal year 1974, GAO devoted 32.8 percent of its direct audit time to defense related work. This dropped to 29.2 percent in fiscal year 1975 and is averaging 28.8 percent in fiscal year 1976. This downward trend compares with 45.5 percent so devoted in fiscal year 1970. While recognizing that the defense portion of the Federal budget outlays has also declined from 39.3 percent in 1970 to 27.8 percent in 1975, the total sums expended for defense have increased significantly and the potential for eliminating waste is believed to have continued. No recommendation will be made this year, however, in the defense-related area until further study is conducted.

					Although increased manpower is recommended for one area of GAO, the total budget authority and outlays need not be increased to reflect this recommendation because it is further recommended that GAO's existing functions in claims settlement, operating at the requested level of $2,500,000, be transferred to the executive branch. Similarly, it is believed that GAO's management of Bid Protests, estimated to be funded annually at $875,000, also be assumed by an Executive agency. The GAO is an arm of Congress, serving as its chief investigator. Claims settlement and bid protest reviews are both executive and/or regulator type functions which more properly belong in the executive branch—thus freeing GAO to concentrate more fully on its primary responsibilities. Recently, 2 other executive or regulatory type functions were transferred out of GAO—the Transportation Division and the Office of Federal Elections. Transfer of the Claims Division and Bid Protest reviews would complete this reorganization, the money saved thereby being rechanneled in increased manpower for information-type activities. The only change, therefore, recommended in the proposed budget authority request for GAO for fiscal year 1977 is to increase authority and outlays by $3,981,000.
Domestic Council	1,700	1,705	1,700	1,705	The role and purpose of the Domestic Council are in need of close scrutiny. The committee did not have an opportunity to examine in sufficient detail the activities of the Council. Nevertheless, review of its duties suggests that many or most of its assigned duties, e.g., assessing national goals, identifying program, policies and priorities, reviewing agency problems, and coordinating intergovernmental relations may duplicate responsibilities carried on by OMB, departments and agencies, or other staff units within the Office of Chief Executive. Until the committee has had an opportunity, however, to more carefully review the Domestic Council's activities, a recommendation regarding its budgetary authority will be held in suspension.
Office of Federal Procurement Policy	1,627	1,538	1,627	1,538	OFPP is a newly established office within the executive branch to develop and help implement improved procurement policies and operations within the Federal Government. In excess of $70,000,000,000 is being expended annually by the Federal Government on procurement. Yet, these expenditures are being administered under an uncoordinated, inefficient, and costly system. Procurement is being carried on by a multitude of different agencies under a myriad of different—frequently conflicting—regulations. Competition is often ignored or frustrated. Cost overruns are rampant. Waste and inefficiency common. Requested budget authority of $1,627,000 is certainly justified if such is utilized by OFPP to institute efficiency and economy in Government procurement.

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Office of Management and Budget	25,800	25,800	30,000 (+4,200)	30,000 (+4,200)	The status, role, responsibility and authority of OMB places it in a unique position within the executive branch to match spending priorities with resource limitations. The growing size and complexity of American society is spurring a demand for the Federal Government to assume an expanded role in solving problems engendered thereby. This demand is occurring, unfortunately, at a time when the economy is under severe pressure and resource allocation is under acute restriction. Through its authority to review agency spending, recommend agency budgets, oversee agency management, develop improved budgetary procedures, and assess information and statistical programs, OMB would appear to be best equipped within the executive branch to assure that spending is limited to essential programs only, and that such programs are being managed in the most economical and efficient manner possible. The parsimonious budget proposed for OMB, however, can only hamstring severely its efforts to perform this role. In a classic case of being dollar wise and penny foolish, the proposed budget authority for OMB for fiscal year 1977 represents an increase of $1,500,000 over fiscal year 1976, $24,250,000 to $25,800,000. The increase does no more than cover inflationary increases. In fact, the number of authorized permanent positions within the agency are scheduled to drop from 681 to 650 between the 2 years. These losses, moreover, are to occur primarily in areas in which OMB can least afford them, namely, the budget review areas (e.g., national security, human affairs) and management and operation. With total budgetary authority now exceeding $400,000,000,000 annually, now is not the time to be cutting expenditures and reducing personnel in the executive agency charged with the primary responsibility to produce savings, hold expenditures down and promote efficiency. A few million dollars additional expenditure by OMB may well produce hundreds of millions of dollars of savings in budgetary outlays. The areas in which increased personnel are especially needed within OMB are those divisions engaged directly in reviewing agency budgets, such as National Security and International Affairs, Human and Community Affairs, and National Resources, Energy and Science. In addition, the unit responsible for improving agency management and operations should be expanded including the Information Division located therein which has vital responsibilities over coordinating and cooperating with various congressional units on budgetary and accounting matters, governmentwide compliance with the Privacy Act of 1974, and operations of the massive automatic data processing activities by Federal agencies. At a minimum, the above described operations should be increased by 25 percent in budgetary authority, which would still only equip the OMB with a limited ability to oversee the operations of the executive agencies. The present requested authorization for OMB in these areas is approximately $16,500,000. It is recommended that an additional $4,200,000 be authorized for OMB for these purposes.

Office of Telecommunications Policy	8,206	8,106	8,206	8,106	As in the case of the Domestic Council, the committee believes it necessary to review the continued existence of the OTP, as an independent policymaking and operational unit within the White House. Established in 1970 at the request of President Nixon, this Office was intended to serve as the White House's principal agent for formulating Federal telecommunications policy, interfacing with the FCC and Congress on communications matters, and involving itself in planning and management of telecommunications. Time did not permit a thorough study of OTP's operations during this year. However, it is intended that such a review be conducted prior to submission of the fiscal year 1978 budget report as part of an overall review of communications organizations and operations within the Federal Government in order to determine whether the functions of OTP should be relocated in order to reduce redundancy in telecommunications operations in Government and to improve planning, policymaking, and management of Government information responsibilities. Consequently, no change is recommended in the $8,206,000,000 budget authority recommended for fiscal year 1977.
General Services Administration: Automated Data and Telecommunications Services	7,651	7,447	10,651 (+3,000)	10,447 (+3,000)	The ADTS activities are among the most important functions carried on by GSA; in fact, by any unit of the Federal Government. Information technology and the information needs of the Government are expanding at an exponential rate. Yet, the full force of this revolution does not seem apparent to most avenues of Government. Agencies having major responsibilities, such as GSA, are being grossly underfunded. There also is little attempt to structure the organizations within Government, having responsibility over information matters, in a unified or coordinated manner to improve policymaking, planning, procurement, and utilization of information technology and systems. ADTS is responsible for the procurement of all general purpose computers and computer services within the Federal Government. It is also charged with the responsibility of providing efficient and economical communications services to the civil agencies of Government. Yet, in both cases, this unit of GSA is severely underfunded and understaffed. To manage both duties, the President's budget proposes the expenditure of $7,651,000 in fiscal year 1977. This represents an increase of $191,000 over the fiscal year 1976 budget with no proposed increase in manpower. This clearly represents false economy. Under Public Law 89-306, GSA has been authorized and directed since 1965 to manage the procurement of all ADP equipment and sources in the Federal Government on the basis of economy and efficiency. As a result of this legislation, GSA saves the taxpayer in excess of $200,000,000 a year, as determined by the GAO. However, because of the limited manpower at GSA's disposal, far too many ADP hardware and service procurements continue to be procured by agencies through less competitive means, causing an unnecessary waste of resources. At present, there are 265 persons assigned to administer the requirement of Public Law 89-306 and telecommunications. In order to enable ADTS to more capably administer this law, which would save the taxpayers hundreds of millions of dollars, it is recommended that an additional budget authority of approximately $3,000,000 be approved which would enable an additional 100 persons to be assigned to this program.

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Federal Telecommunications Fund	0	−1,961	25,000 (+25,000)	25,000 (+23,039)	Turning to telecommunications, ADTS provides overall management, control, and coordination, as mentioned above, of Government-wide telecommunications services, including the procurement of facilities to serve this purpose. At the present time, these needs are met primarily through the Federal Telecommunications System (FTS), providing voice transmission, teletypewriter services, and facsimile and data transmissions; and the Advanced Record System (ARS) which provides message communications, utilizing low and medium speed transmissions of data. Both of these systems are over a decade old and have been overwhelmed by the rapid advances in technology that have transpired in recent years and by the increasing demands of Federal agencies for expanded services. In addition, the needs of personal privacy and security have placed increasing obligations upon the Government in the information field. As a result of these requirements, agencies have been compelled to bypass GSA and obtain their communications needs on an agency-by-agency basis, frequently through individual dedicated systems. Such practices can be costly and can undercut longterm efforts of the Federal Government—working through GSA—to obtain the most technologically advanced, efficient, and economical telecommunications system possible which fully protects the individual right of privacy. In order to provide ADTS with the capability of meeting its Government-wide responsibilities, it is necessary to increase significantly the capitalization level of the telecommunications fund, which GSA administers, to supply services to Federal agencies. Capitalized a $9,000,000 in 1963, the fund will provide telecommunications services to Federal agencies in fiscal year 1976 estimated at $327,000,000 under full reimbursement by user agencies. For fiscal year 1977, sales of $350,000,000 are estimated. To enable GSA to procure modern equipment to provide improved and expanded services to Federal agencies, it is recommended that $2,000,000 additional funding be authorized for this fund.
Automatic Data Processing Fund	0	4,500	0	4,500	The committee has long advocated full capitalization of the ADP fund. Presently capitalized at only $44,000,000, GSA is unable to realize that level of cost savings for the Government which otherwise could be if full capitalization were authorized. However, since OMB has authorized the expenditure of only $28,000,000 of the capitalized amount, no increased funding is being recommended at this time until the committee has had an opportunity to fully review this matter in hearing to be held in the spring.
Consumer Information Center	1,073	984	1,073	984	The committee has had insufficient time to review these activities of GSA in sufficient detail to warrant recommendations on the proposed budget authority.

Consolidated Working fund (real property activities)	0	−109	0	−109	See above statement.
Disposals of real and related personal property	1,000	1,000	1,000	1,000	Do.
Federal Supply Service	154,815	154,729	154,815	154,729	Do.
General supply fund	0	−19,997	0	−19,997	Do.
Working capital fund (personal property)	0	145	0	145	Do.
National Archives and Records Service	64,439	64,513	64,439	64,513	Do.
Records declassification	1,410	1,410	1,410	1,410	Do.
National Archives gift fund	35	41	35	41	Do.
National Archives trust fund	0	−400	0	−400	Do.
General management and agency operations	12,636	12,636	12,636	12,636	Do.
Administrative and Staff Support Service	65,170	63,828	65,170	63,838	Do.
Federal Energy Administration	101,397	126,000	101,397	126,000	The committee lacked sufficient time to review in depth the President's requested budget authority and outlay levels for FEA. In consequence, no recommendations or comments will be made on those proposals. It is to be noted, however, that draft legislation to extend the life of FEA has been referred to the Committee on Interstate and Foreign Commerce, rather than this committee.
Federal Energy Administration (supplemental)	53,456	58,642	53,456	58,642	See above statement.
Committee for Purchase of Products and Services for the Blind and Other Severely Handicapped.	316	302	316	302	Based upon the hearings held by the Committee on Government Operations, in the last Congress regarding the operations of this organization, the budgetary request appears reasonable.
Council of Economic Advisers	1,718	1,669	1,718	1,669	The committee lacked sufficient time to review the proposed budgetary authority or outlay levels for CEA for fiscal year 1977.
GSA—Presidential Transition	900	900	900	900	The proposed level of budgetary authority and outlay for fiscal year 1977 is $900,000 which is that authorized under the Presidential Transition Act. At the present, the committee concurs in this proposal. It should be noted, however, that the committee intends to consider new legislation this year, based in part on recommendations by the Comptroller General, which would restructure spending levels under legislative authorizations dealing both with Presidential transition and former Presidents.
Commission on Federal Paperwork	0	200	0	200	The Commission should be able to complete its work without the need for additional budgetary authority.
Privacy Protection Study Commission	750	765	750	765	The committee did not have sufficient time to review the activities of this Commission. Therefore, no recommendation is made regarding the proposed level of budgetary authority.
Advisory Commission on Intergovernmental Relations	1,402	1,402	1,402	1,402	Based upon the committee's ongoing oversight of ACIR activities, the proposed levels of budget authority and outlay for fiscal year 1977 are believed to be reasonable.
ACIR—Contributions	10	10	10	10	

REPORT OF THE COMMITTEE ON HOUSE ADMINISTRATION

CONGRESS OF THE UNITED STATES,
COMMITTEE ON HOUSE ADMINISTRATION,
Washington, D.C., March 5, 1976.

Hon. BROCK ADAMS,
Chairman, Committee on the Budget,
U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This refers to your letter of February 6, 1976 concerning the Committee on House Administration report as prescribed by the Congressional Budget Act of 1974. The report for this Committee is submitted as follows:

Format I: President's Budget Requests for Existing Programs which Require Re-enactment or Modification of Authorization Legislation for FY 1977. Re: 01–25–0105–0–1–403. No Comment (under $1,000,000).

Format II: President's Budget Requests for New and Expanded Programs which would Require Legislation for FY 1977. No items.

Format III: President's Budget Requests for Reductions in Existing Programs which would Require Amendment fo Authorizing Legislation. No items.

Format IV: Legislative Initiatives of Congress for FY 1977. Please see attached letter to Speaker of the House dated February 16, 1976.

With kindest personal regards, I am

Very sincerely yours,

WAYNE L. HAYS, *Chairman.*

Attachments.

CONGRESS OF THE UNITED STATES,
COMMITTEE ON HOUSE ADMINISTRATION,
Washington, D.C., February 16, 1976.

Hon. CARL ALBERT,
Speaker,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I am submitting per your request a list of bills which I anticipate the Committee on House Administration will have ready for Floor action in the present session of Congress.

BILLS WHICH HAVE PASSED THE FULL COMMITTEE

The following bills have already been reported by the full Committee and are awaiting action, either in the Rules Committee or on the Floor or by the Senate:

H.R. 7950—Federal Election Commission authorization to extend appropriations for fiscal year 1976 and the first three months of fiscal 1977. Reported by House Administration Committee June 18, 1975, Rept. 94–308, passed by the House June 19, 1975 (awaiting Senate action).

H. Con. Res. 96—Authorizing bust or statue of Martin Luther King. Passed House Jan. 20, 1976 (awaiting Senate action).

S. 2619—To provide for adjusting the amount of interest paid on funds deposited with the Treasury of the United States by the Library of Congress Trust Fund Board. (H.R. 8627 passed House Feb. 28, 1976; proceedings vacated, laid on table and S. 2619, as amended, passed in lieu thereof. Awaiting Senate action.)

S. 2620—Providing for adjusting the amount of interest paid on funds deposited with the Treasury of the United States pursuant to an Act of August 20, 1912, titled "An Act to accept and fund the bequest of Gertrude M. Hubbard". (H.R. 8628 passed House Feb. 2, 1976; proceedings vacated, laid on table and S. 2620, as amended, passed in lieu thereof. Awaiting Senate action.)

H.R. 11552—Voter Registration Act reported by Committee on House Administration on January 29, 1976, Rept. 94–798. (Pending in Rules Committee.)

94th Congress
2d Session

COMMITTEE PRINT NO. 14

REPORT

TO THE

COMMITTEE ON THE BUDGET

VIEWS AND ESTIMATES

OF THE

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS HOUSE OF REPRESENTATIVES

TOGETHER WITH MINORITY VIEWS

SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974

ON THE

BUDGET PROPOSED FOR FISCAL YEAR 1977

MARCH 15, 1976

Printed for the use of the Committee on Interior and Insular Affairs

---

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1976

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

HOUSE OF REPRESENTATIVES

JAMES A. HALEY, Florida, *Chairman*

ROY A. TAYLOR, North Carolina
HAROLD T. JOHNSON, California
MORRIS K. UDALL, Arizona
PHILLIP BURTON, California
ROBERT W. KASTENMEIER, Wisconsin
PATSY T. MINK, Hawaii
LLOYD MEEDS, Washington
ABRAHAM KAZEN, JR., Texas
ROBERT G. STEPHENS, JR., Georgia
JOSEPH P. VIGORITO, Pennsylvania
JOHN MELCHER, Montana
TENO RONCALIO, Wyoming
JONATHAN B. BINGHAM, New York
JOHN F. SEIBERLING, Ohio
HAROLD RUNNELS, New Mexico
ANTONIO BORJA WON PAT, Guam
RON DE LUGO, Virgin Islands
BOB ECKHARDT, Texas
GOODLOE E. BYRON, Maryland
JAIME BENITEZ, Puerto Rico
JIM SANTINI, Nevada
PAUL E. TSONGAS, Massachusetts
ALLAN T. HOWE, Utah
JAMES WEAVER, Oregon
BOB CARR, Michigan
GEORGE MILLER, California
THEODORE M. (TED) RISENHOOVER, Oklahoma

JOE SKUBITZ, Kansas, *Ranking Minority Member*
SAM STEIGER, Arizona
DON H. CLAUSEN, California
PHILIP E. RUPPE, Michigan
MANUEL LUJAN, JR., New Mexico
KEITH G. SEBELIUS, Kansas
ALAN STEELMAN, Texas
DON YOUNG, Alaska
ROBERT E. BAUMAN, Maryland
STEVEN D. SYMMS, Idaho
JAMES P. (JIM) JOHNSON, Colorado
ROBERT J. LAGOMARSINO, California
VIRGINIA SMITH, Nebraska
SHIRLEY N. PETTIS, California

CHARLES CONKLIN, *Staff Director*
LEE MCELVAIN, *General Counsel*
WILLIAM M. ANDERSON III, *Budget Analyst*
ROY JONES, *Assistant Counsel on Oversight Matters*
MICHAEL C. MARDEN, *Minority Counsel*

NINETY-FOURTH CONGRESS

JAMES A. HALEY, FLA., CHAIRMAN

ROY A. TAYLOR, N.C.
HAROLD T. JOHNSON, CALIF.
MORRIS K. UDALL, ARIZ.
PHILLIP BURTON, CALIF.
ROBERT W. KASTENMEIER, WIS.
PATSY T. MINK, HAWAII
LLOYD MEEDS, WASH.
ABRAHAM KAZEN, JR., TEX.
ROBERT G. STEPHENS, JR., GA.
JOSEPH P. VIGORITO, PA.
JOHN MELCHER, MONT.
TENO RONCALIO, WYO.
JONATHAN B. BINGHAM, N.Y.
JOHN F. SEIBERLING, OHIO
HAROLD RUNNELS, N. MEX.
ANTONIO BORJA WON PAT, GUAM
RON DE LUGO, V.I.
BOB ECKHARDT, TEX.
GOODLOE E. BYRON, MD.
JAIME BENITEZ, P.R.
JIM SANTINI, NEV.
PAUL E. TSONGAS, MASS.
ALLAN T. HOWE, UTAH
JAMES WEAVER, OREG.
BOB CARR, MICH.
GEORGE MILLER, CALIF.
THEODORE M. (TED) RISENHOOVER, OKLA.
WRIGHT PATMAN, TEX.

JOE SKUBITZ, KANS.
SAM STEIGER, ARIZ.
DON H. CLAUSEN, CALIF.
PHILIP E. RUPPE, MICH.
MANUEL LUJAN, JR., N. MEX.
KEITH G. SEBELIUS, KANS.
ALAN STEELMAN, TEX.
DON YOUNG, ALASKA
ROBERT E. BAUMAN, MD.
STEVEN D. SYMMS, IDAHO
JAMES P. (JIM) JOHNSON, COLO.
ROBERT J. LAGOMARSINO, CALIF.
VIRGINIA SMITH, NEBR.
SHIRLEY N. PETTIS, CALIF.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES CONKLIN
STAFF DIRECTOR

LEE MC ELVAIN
GENERAL COUNSEL

MICHAEL C. MARDEN
MINORITY COUNSEL

March 15, 1976

Honorable Brock Adams, Chairman
Committee on the Budget
House Office Building Annex No. 1
Washington, D.C.

Dear Mr. Chairman:

Submitted herewith are the views and estimates of the Committee on Interior and Insular Affairs as required by section 301(c) of the Congressional Budget and Impoundment Control Act of 1974.

In addition to providing an estimate of the budget outlays and the appropriate level of new budget authority for each functional category within the jurisdiction of this Committee, this report contains recommendations with respect to budgetary matters within the Committee's oversight responsibility.

Since primary legislative and oversight jurisdiction within this Committee is assigned to seven subcommittees, this report is, in a sense, a consolidated statement of the views and estimates of those subcommittees as well as an overall recapitulation on behalf of the full Committee. The report also includes information with respect to estimating rents and royalties from Outer Continental Shelf oil and gas leases and production.

With the understanding that the Committee on the Budget for

Honorable Brock Adams, Chairman
March 15, 1976
Page 2

the first time will be allocating permanent spending authority among the respective authorizing committees of the House, we are providing relevant information on the permanent budget authority and outlays, which it is hoped will aid in guiding your Committee in making these allocations.

Although we also understand that offsetting receipts will not be distributed by the Committee on the Budget in fiscal year 1977, we note that there are under the jurisdiction of our Committee offsetting receipts totaling more than $1 billion exclusive of OCS rents and royalties.

Sincerely,

JAMES A. HALEY
Chairman

ACKNOWLEDGEMENT

Assisting this Committee in developing its capability to meet the requirements of the Congressional Budget Act during its first year of applicability have been many persons in addition to members of our own staff.

We want particularly to acknowledge with appreciation the services of the men and women of the General Accounting Office, especially James K. Kardokus, Margaret J. Franck, and James L. Kirkman; of the Congressional Research Service of the Library of Congress, especially Walter Kravitz and Alfred R. Greenwood and the CRS analysts who assisted the Subcommittees—Richard S. Jones, David M. Lindahl, George H. Siehl, William R. Tansill, and Robert E. Wolf; and, among those individuals at the Department of the Interior, especially Francis M. Wiles and Albert C. Camacho.

CONTENTS

	Page
Letter of transmittal	III
Acknowledgement	V
General statement	1
President's budget requests for existing programs which require reenactment or modification of authorizing legislation for fiscal year 1977	2
President's budget requests for new and expanded programs which would require authorizing legislation for fiscal year 1977	2
Legislative initiatives of the Committee on Interior and Insular Affairs for fiscal year 1977	3
President's budget requests for existing programs which do not require authorizing legislation for fiscal year 1977	4
Permanent spending authority within jurisdiction of Committee on Interior and Insular Affairs	4
Estimating Outer Continental Shelf receipts	15
Budget recommendations of the subcommittees of the Committee on Interior and Insular Affairs	17
Department of the Interior summary of budget authority and outlays within jurisdiction of the Committee on Interior and Insular Affairs	53
Budget authority and outlay totals, by function, subfunction, and act for programs under committee legislative and oversight jurisdiction	55
Minority views	79

68-249 O - 76 - 16

GENERAL STATEMENT

The President's budget for fiscal year 1977 requests over $3 billion in budget authority and outlays for the Department of the Interior and related agencies under the jurisdiction of this Committee. His fiscal year 1977 request continues to fund programs at a level which is approximately that of the fiscal year 1976 level.

The Committee notes that, as a result of the functional classification system established by the Office of Management and Budget, over $2 billion of the programs under its jurisdiction are included in functional category 300, Natural Resources, Environment, and Energy.

Since the new Congressional budget process establishes spending targets and priorities for functional categories, the Committee is increasingly concerned that programs under its jurisdiction will have to compete with other high priority programs within Category 300. Natural resource programs have remained relatively level while major energy programs have expanded. For example, the Energy subcategory budget authority has increased by almost as much as the total budget authority in the President's budget request for Category 300 programs under the jurisdiction of this Committee.

The Committee is concerned that the programs under its jurisdiction will be held down in an expanding category at a time when the Committee is proposing an 17 percent increase for budget authority and a 13 percent increase in outlays for programs in Category 300.

The Committee specifically takes note of the remarks of the Chairman of the Committee on the Budget made to the House on February 18, where he states that programs in function 300 other than energy and pollution abatement and control will remain at a current services level through FY 1981. We do not believe that the Congress should endorse the Executive's policy of benign-but-minimal custody with respect to the conservation of our natural resources.

In Health Category 550 the Committee has determined that high priority must be given to assuring that health services be expanded for native Americans. Even if national health insurance legislation were enacted, there is no guarantee that the health of native Americans would be greatly benefited, since there is a severe shortage of health personnel in the rural areas of America, particularly on reservations. Moreover, the Committee believes that the proposed Indian health legislation will help facilitate the national policy of self-determination for native Americans by creating indigenous health personnel. A major increase in Health Category 550 for Indian Health Services is therefore being recommended.

In General Government Category 800 the Committee is requesting a $55 million increase in budget authority and outlays for fiscal year 1977 to meet commitments made to the people of Micronesia, Guam, and the Virgin Islands.

Finally, in Category 850 (Revenue Sharing and General Purpose Fiscal Assistance) a request of $130 million in budget authority and outlays would establish minimum payments to local governments in lieu of taxes on Federal lands.

President's Budget Requests for Existing Programs Which Require Re-Enactment or Modification of Authorizing Legislation for Fiscal Year 1977

The President's budget requests for existing programs which require reenactment or modification of authorizing legislation are listed in Table 1. While the Committee is in basic agreement with the amounts requested by the President for the Pennsylvania Avenue Development Commission and the Trust Territory of the Pacific Islands, it believes that the amounts requested for the Preservation of Historic Properties must be increased to assure that the state grants activity is continued at the FY 1976 level.

Moreover, the Committee estimates that the Indian Claims Commission will require an aditional amount of $120,000 in budget authority and outlays to cover the estimated mandatory cost of living increase this fall.

The Committee notes that the President's budget could be misinterpreted with respect to amounts requested for the Office of Water Research and Technology, and the Water Resources Council planning activity. Although the Committee agrees with the President's total budget authority and outlays request of $22 million and $18 million respectively for the Office of Water Research and Technology, it emphasizes that the only portion requiring authorizing legislation is $6,470,000 in budget authority and outlays. With respect to the Water Resources Council planning request, only $248,000 of the $9,465,000 requires authorizing legislation.

TABLE 1.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In thousands of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Office of Water Research and Technology (salaries and expenses).	22,273 (15,803) (6,470)	18,200 (11,730) (6,470)	6,470 (+000)	6,470 (+000)	President's budget incorrectly footnotes authorized BA/O amounts of $15,803,000 and $11,730,000 respectively. (See subcommittee report.)
Water Resources Council (water resources planning).	9,465 (9,217) (248)	9,465 (9,217) (248)	248 (+000)	248 (+000)	President's budget incorrectly footnotes authorized BA/O amounts of $9,217,000 each. (See subcommittee report.)
National Park Service (preservation of historic properties).	14,500	21,000	24,400 (+9,900)	30,000 (+9,000)	Full funding of matching grants program is vital to maximize State and local protection of historic properties.
Pennsylvania Avenue Development Corporation (salaries and expenses).	1,425	1,425	1,425 (+000)	1,425 (+000)	
(Pennsylvania Avenue Development Fund.)	[1] 11,450	[1] 3,639	[1] 11,450 (+000)	[1] 3,639 (+000)	
Indian Claims Commission (salaries and expenses).	1,530	1,530	1,650 (+120)	1,650 (+120)	Mandatory cost of living increase.
Trust Territory of the Pacific Islands.	82,321	80,817	82,321 (+000)	80,817 (+000)	

[1] Proposed for later transmittal under proposed legislation (J footnote in President's budget).

President's Budget Requests for New and Expanded Programs Which Would Require Authorizing Legislation for Fiscal Year 1977

The Committee shares jurisdiction relating to legislation which would increase production from Elk Hills, California, and concurs with the President's budget with respect to this matter.

TABLE 2.—PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Legislative proposal	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Naval petroleum reserves, strategic petroleum storage.	368	304	368	304	Increase production from Elk Hills, Calif., to finance further exploration, development and production of naval petroleum reserves, and to establish a national strategic petroleum reserve subject to the control of the President. Appropriate adjustments will be made to reflect requirements of recently signed Energy Policy and Conservation Act.
Offsetting receipts	−684	−684	−684	−684	

Legislative Initiatives of the Committee on Interior and Insular Affairs for Fiscal Year 1977

The Committee is requesting $551 million in budget authority and $500 million in outlays for fiscal year 1977.

In Category 300 (Natural Resources, Environment, and Energy) the request is $173 million in budget authority and $122 million in outlays. These amounts will fund the first year of the two legislative initiatives in this Category—the Public Land Policy and Management Act and H.R. 9725, Surface Mining Control and Reclamation Act.

In Category 550 (Health) the request is $193 million in budget authority and outlays for H.R. 2525, the Indian Health Care Improvement Act.

In Category 800 (General Government) the request is $55 million in budget authority and outlays for the beginning stages of establishing a four-year College of Micronesia, for honoring the United States Government commitments with respect to Micronesian War Claims, Guam and Virgin Islands capitol improvements, the Northern Mariana Islands Commonwealth, and to offset reductions in categorical programs for the Trust Territory of the Pacific Islands.

In Category 850 (Revenue Sharing and General Purpose Fiscal Assistance) the request is $130 million in budget authority and outlays for implementing the first year of Payments in Lieu of Taxes legislation that establishes minimum payments to local governments in lieu of taxes on Federal lands.

TABLE 3.—LEGISLATIVE INITIATIVES OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS FOR FISCAL YEAR 1977

[In millions of dollars]

Legislative initiatives	Budget authority	Outlays	Comments
300 Public Land Policy and Management Act.	14.0	14.0	In subcommittee markup.
H.R. 9725, Surface Mining Control and Reclamation Act.	159.0	108.0	Full committee ordered reported Feb. 23, 1976.
550 H.R. 2525, Indian Health Care Improvement Act.	193.0	193.0	Full committee ordered reported Mar. 2, 1976.
800 H.R. 7688, 4-Year College of Micronesia	.5	.5	H.R. 7688 passed the House on June 16, 1975, and Senate floor action is pending.
H.J. Res. 549, Micronesian war claims	14.0	14.0	House joint resolution has passed House and Senate.
Northern Mariana Islands Commonwealth.	14.0	14.0	Do.
Guam capitol improvements	12.0	12.0	In subcommittee markup.
Virgin Islands capitol improvements	12.0	12.0	Full committee decision made in budget markup on Mar. 9, 1976.
Trust Territory grants	2.0	2.0	See subcommittee narrative.
850 Payments in lieu of taxes	130.0	130.0	Do.
Total, new initiatives	550.5	499.5	

President's Budget Request for Existing Programs Which Do Not Require Authorizing Legislation for Fiscal Year 1977

The Committee is recommending an increase of $225 million in Budget Authority and $171 million in Outlays for existing programs for FY 1977. In Category 300, Natural Resources, Environment, and Energy, the Committee recommends an increase of $202 million in Budget Authority and $152 million in Outlays. These recommended increases include the following: a $150 million increase in budget authority and a $100 million increase in outlays for the Land and Water Conservation Fund for the purchase of previously authorized Federal recreation land, $33 million increases in Budget Authority and Outlays for Water, Power and Recreation Resource Programs of the Bureau of Reclamation and funds for Water Resources Council planning grants to States, a modest increase of $4 million in Budget Authority and Outlays to provide for additional National Park Service personnel to meet the increasing public use of our National Park System, and $15 million increase in budget authority and outlays for metallurgy research, ocean mining, and minerals evaluations.

In Category 450, Community and Regional Development, the Committee recommends an increase of $23 million Budget Authority and $19 million in Outlays for Indian Road and School Construction and Road Maintenance, Indian Law Enforcement, the implementation of a Federal district Judge's decision with respect to Indian Fishing rights, the Indian Business Development Grant Fund, and for the continuation of the work of the Joint Federal-State Land Use Planning Commission for Alaska.

TABLE 4.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

	President's request		Committee recommendation		
Major issue or program	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	Comment
300 Water and power programs.	801	773	834 (+33)	806 (+33)	See subcommittee report.
Land and water conservation fund.	300	329	450 (+150)	429 (+100)	Over $484,000,000 is available in the fund for fiscal year 1977.
Increased park personnel..	273	273	277 (+4)	277 (+4)	Increase is asked to fund additional park personnel.
Metallurgy research, ocean mining, and minerals evaluations increases.	385	390	400 (+15)	405 (+15)	Full committee decision made in budget markup, Mar. 9, 1976.
450 Increase existing Indian programs.	685	690	708 (+23)	709 (+19)	See subcommittee report.

Permanent Spending Authority Within Jurisdiction of Committee on Interior and Insular Affairs

On or before April 15 of each year, the Committee on the Budget of each House shall report to its House the first concurrent resolution on the budget for the fiscal year beginning on October 1 of such year. The report accompanying such concurrent resolution shall include, with respect to each major functional category, an estimate of budget outlays and an appropriate level of new budget authority for all proposed programs and for all existing programs (including renewals thereof), with the estimate and level for existing programs being divided between permanent spending authority and funds provided in appropriation Acts. In order to facilitate the Committee on the Budget's task of dividing permanent spending authority from funds provided in Appropriation Acts, table 1 displays by function all permanent spending authority for the transition quarter and fiscal year 1977 within the jurisdiction of the Committee on Interior and Insular Affairs.

TABLE. 1—PERMANENT SPENDING AUTHORITY BY FUNCTION WITHIN JURISDICTION OF COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
300—Natural resources, environment, and energy:				
301 Water resources and power:				
Bureau of Reclamation trust funds	4,380	29,000	4,000	24,600
Water Resources Council River Basin Commissions	1,099	6,692	1,287	6,702
302 Conservation and land management:				
Bureau of Land Management:				
Trust funds	200	700	150	628
Permanent appropriations	377	1,500	377	1,500
303 Recreational resources:				
Bureau of Outdoor Recreation Land and Water Conservation fund		30,000		
National Park Service:				
Miscellaneous permanent appropriations	55	320	55	320
Trust funds	750	3,000	750	1,600
304 Pollution control and abatement: Office of the Secretary—Litter prevention and clean-up	5	25	5	25
306 Other natural resources:				
Bureau of Mines:				
Helium fund		47,500		
Contributed funds	120	600	120	600
Total category 300	6,986	119,337	6,774	35,975
450—Community and regional development:				
452 Area and regional development:				
Bureau of Indian Affairs:				
Miscellaneous trust funds	76,155	228,702	68,248	222,357
Miscellaneous appropriations	4,000	14,866	4,000	15,000
Joint Federal-State Land Use Planning Commission for Alaska Cooperative Funds	104	60	104	60
Total function 450	80,259	243,628	72,352	237,417
800—General government:				
806 Other general government: Office of Territorial Affairs—Office of Comptroller for Guam	185	256	200	655
850—Revenue sharing and general purpose fiscal assistance:				
852 Other general purpose fiscal assistance:				
Bureau of Land Management: Permanent appropriations	145,023	126,800	145,023	126,800
Bureau of Reclamation: Other miscellaneous appropriations	1,200	3,000	1,200	3,000
Office of Territorial Affairs: Internal Revenue collections for the Virgin Islands	4,875	19,000	4,885	19,505
Total function 850	151,098	148,800	151,108	149,305

Table 2 lists by bureau and agency the total permanent spending authority within the jurisdiction of the Committee on Interior and Insular Affairs for the transition quarter and fiscal year 1977. Completing the permanent spending authority section on the Committee report are the narrative descriptions for each of the permanent accounts listed in Table 2.

TABLE 2.—PERMANENT SPENDING AUTHORITY WITHIN JURISDICTION OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Bureau of Land Management:				
Permanent appropriations	145,400	128,300	145,400	128,300
Trust funds	200	700	150	628
Bureau of Reclamation:				
Other miscellaneous appropriations	1,200	3,000	1,200	3,000
Colorado River Basin project [1]				
Trust funds	4,380	29,000	4,000	24,600
Office of Water Research and Technology: Cooperation with foreign agencies				
Bureau of Outdoor Recreation: Land and water conservation fund [1]		30,000		
National Park Service:				
Miscellaneous permanent appropriations	55	320	55	320
Trust funds	750	3,000	750	1,600
Geological Survey: Payment from proceeds, sale of water				
Bureau of Mines:				
Contributed funds	120	600	120	600
Helium fund [1]		47,500		
Bonneville Power Administration: Trust fund [2]				
Southeastern Power Administration: Continuing fund				
Southwestern Power Administration: Continuing fund				
Bureau of Indian Affairs:				
Miscellaneous appropriations	4,000	14,866	4,000	15,000
Miscellaneous trust funds	76,155	228,702	68,248	222,357
Office of Territorial Affairs:				
Office of Comptroller for Guam	185	256	200	655
Internal revenue collections for the Virgin Islands	4,875	19,000	4,885	19,505
Office of the Secretary: Litter prevention and cleanup	5	25	5	25
Joint Federal-State Land Use Planning Commission for Alaska: Cooperative Funds	104	60	104	60
Water Resources Council: River Basin Commissions—Trust funds	1,099	6,692	1,287	6,702
Total	238,528	512,021	230,404	423,352

[1] Permanent contract authority.
[2] Unexpended balances have been transferred to New Bonneville Power Administration fund.

BUREAU OF LAND MANAGEMENT—PERMANENT APPROPRIATIONS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	145,400	128,300	145,400	128,300
Budget authority and outlays are distributed as follows:				
Leasing of grazing lands (receipt limitations)	2		2	
Payments to Oklahoma (royalties) (receipt limitation)	10		10	
Payments to Coos and Douglas Counties, Oregon, from receipts, Coos Bay Wagon Road grant lands		1,700		1,700
Payments to counties, Oregon and California grant lands	56,000	17,500	56,000	17,500
Payments to States (proceeds of sales) (receipt limitation)	1,300	300	1,300	300
Payments to States from grazing receipts, etc., public lands outside grazing districts	1,026	150	1,026	150
Payments to States from grazing receipts, etc., public lands within grazing districts	853	25	853	25
Payments to States from grazing receipts, etc., public lands within districts, miscellaneous	4		4	
Payments to States from receipts under Mineral Leasing Act	85,830	106,735	85,830	106,735
Payments to counties, national grasslands		390		390
Expenses, Public Land Administration Act	375	1,500	375	1,500

1. *Leasing of Grazing Lands (Receipt Limitation)*.—State, county, and privately owned grazing lands that are intermingled with public grazing lands are managed on a leased basis within the limits of receipts from such arrangements (43 U.S.C. 315m). The estimate for fiscal year 1977 is less than $500, a decrease of $1,000 from fiscal year 1976.

2. *Payments to Oklahoma (royalties)*.—The State of Oklahoma is paid 37½ percent of the Red River oil and gas royalties in lieu of State and local taxes on Kiowa, Comanche, and Apache tribal lands to be used for construction and maintenance of public roads and support of public schools (44 Stat. 740). The estimate for fiscal year 1977 is less than $500, a decrease of $8,000 from fiscal year 1976.

3. *Payments to Coos and Douglas Counties, Oregon, from receipts, Coos Bay Wagon Road Grant Lands—$1,700,000.*—Out of receipts from the Coos Bay Wagon Road Grant Lands in Oregon payments in lieu of taxes are made to Coos and Douglas Counties for schools, roads, highways, bridges, and port districts (53 Stat. 753–754). The estimate is an increase of $450,000 over fiscal year 1976.

4. *Payments to counties, Oregon and California grant lands—$17,500,000.*—Fifty percent of the receipts of Oregon and California land-grant funds are paid the counties in which the lands are situated, to be used as other county funds (43 U.S.C. 1811). The estimate is a decrease of $31,848,000 from fiscal year 1976.

5. *Payments to States (proceeds of sales)—$300,000.*—The States are paid 5 percent of the net proceeds from sale of public land and public land products (31 U.S.C. 711). The estimate is a decrease of $745,000 from fiscal year 1976.

6. *Payments to States from grazing receipts, etc., public lands outside grazing districts—$150,000.*—The States are paid 50 percent of the grazing fee receipts from public domain lands outside grazing fee receipts from public domain lands outside grazing districts (43 U.S.C. 315i, 315m). The estimate is a decrease of $624,000 from fiscal year 1976.

7. *Payments to States from grazing receipts, etc., public lands within grazing districts—$25,000.*—The States are paid 12½ percent of grazing fee receipts from grazing district lands within their boundaries (43 U.S.C. 315b, 315i). The estimate is a decrease of $570,000 from fiscal year 1976.

8. *Payments to States from grazing receipts, etc., public lands within grazing districts, miscellaneous.*—The States are paid specifically determined amounts from grazing fee receipts from miscellaneous lands within grazing districts when payment is not feasible on a percentage basis (43 U.S.C. 315). The estimate for fiscal year 1977 is less than $500, a decrease of $4,000 from fiscal year 1976.

9. *Payments to States from receipts under Mineral Leasing Act—$106,735,000.*—Alaska is paid 90 percent and other States 37½ percent of the receipts from bonuses, royalties, and rentals resulting from development of mineral resources under the Mineral Leasing Act (30 U.S.C. 191), and from leases of potash deposits (30 U.S.C. 285), on public lands. The estimate is a decrease of $19,379,000 from fiscal year 1976.

10. *Payments to counties, national grassland—$390,000.*—Of the revenues received from the use of submarginal lands, 25 percent is paid to the counties in which such land is situated, for school and road purposes (7 U.S.C. 1012). The estimate is an increase of $129,000 over fiscal year 1976.

11. *Expenses, Public Land Administration Act—$1,500,000*—Public Law 86–649 approved July 14, 1960, permanently appropriated certain monies to the Secretary of the Interior. Timber purchases or permittees provide bond or deposit to assure fulfillment of contracts. Users of roads under jurisdiction of the Bureau of Land Management may make deposits for maintenance purposes. Monies received in forfeiture of such bonds or for road maintenance are available for necessary forest improvement, protection, and rehabilitation and for road maintenance. Monies collected on Oregon and California grant lands are available for those lands only and amounts in excess of the

cost of doing the work are transferred to miscellaneous receipts (74 Stat. 507–508). The estimate is the same as for fiscal year 1976.

NOTE.—Payments to States in fiscal year 1977 for most of these accounts will be based on receipts collected in the Transition Period only. This fact, rather than a general decline in revenues accounts for the reductions from fiscal year 1976 to fiscal year 1977 in most of these accounts.

BUREAU OF LAND MANAGEMENT—TRUST FUNDS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	200	700	150	628
Distribution of budget authority and outlays by account:				
Contributed funds	150	540	100	468
Expenses, public survey work	50	159	50	159
Trustee funds, Alaska townsites		1		1

1. *Contributed funds.*—Users of the Federal range contribute funds toward administration and protection of grazing lands. Contributions are also received for making surveys, for maintenance of access roads, for protection of public lands and other activities of the Bureau (43 U.S.C. 315th, 315i, 775; 74 Stat. 506).

2. *Expenses, public survey work.*—Advances are made by individuals to pay the cost incident to surveys of lands requested by them (31 U.S.C. 711; 43 U.S.C. 759, 761, and 887; 48 Stat. 1224–1236).

3. *Trustee funds, Alaska townsites.*—Amounts received from sale of Alaska town lots are available for expenses incident to the maintenance and sale of townsites (31 U.S.C. 725s; Comp. Gen. Dec. of Nov. 18, 1935).

BUREAU OF RECLAMATION—OTHER MISCELLANEOUS APPROPRIATIONS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	1,200	3,000	1,200	3,000
Distribution of budget authority and outlays by account:				
Colorado River Dam fund, Boulder Canyon project:				
Payment of interest on advances from the Treasury (indefinite special fund)	525	1,900	525	1,900
Payments to States of Arizona and Nevada (definite special fund)	600	600	600	600
Operation, maintenance, and replacement of project works, North Platte project (Gering and Fort Laramie, Goshen and Pathfinder irrigation districts) (indefinite special fund)	2	30	10	50
Payments to farmers' irrigation district (North Platte project, Nebraska-Wyoming) (indefinite special fund)	2	8	2	8
Payments to local units, Klamath reclamation area (indefinite special fund)		125		125
Refunds and returns (indefinite special fund)	71	337	63	317

1. *Colorado River Dam fund, Boulder Canyon project*—(a) *Payment of interest on advances from the Treasury.*—Interest paid to the Treasury on moneys advanced for construction (43 U.S.C. 618a(b)).

(b) *Payments to States of Arizona and and Nevada.*—Annual payments of $300 thousand each are made to Arizona and Nevada, from operation of the Boulder Canyon project (43 U.S.C. 618a(c)).

2. *Operation, maintenance, and replacement of project works, North Platte project.*—Payments are made for replacement of project works operated and maintained by the United States and to supplement funds advanced by the water users to meet annual costs of operation and maintenance of such works (66 Stat. 755).

3. *Payments to the Farmers' irrigation district (North Platte project, Nebraska-Wyoming).*—Payments are made to the Farmers'

irrigation district on behalf of the Northport irrigation district for water carriage (62 Stat. 273, as amended).

4. *Payments to local units, Klamath reclamation area.*—Certain revenues collected from the leasing of Klamath project reserved Federal lands within the boundaries of certain national wildlife refuges shall be used: (a) to credit or pay to the Tule Lake Irrigation District amounts already committed; and (b) to make annual payments to the counties in which such refuges are located (78 Stat. 850).

5. *Refunds and returns.*—Overcollections are refunded and unapplied deposits are returned (64 Stat. 689).

COLORADO RIVER BASIN PROJECT

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Permanent: Contract authority (82 Stat. 890)				

RECLAMATION TRUST FUNDS
[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	4,380	29,000	4,000	24,600

When requested the Bureau of Reclamation performs investigations or construction work with funding provided by non-Federal entities under the Contributed Funds Act (43 U.S.C. 395, 396)

OFFICE OF WATER RESEARCH AND TECHNOLOGY—COOPERATION WITH FOREIGN AGENCIES

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total				

BUREAU OF OUTDOOR RECREATION—LAND AND WATER CONSERVATION FUND
[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Permanent: Contract authority (substantive law) (16 U.S.C. 460l-10a)		30,000		

NATIONAL PARK SERVICE—MISCELLANEOUS PERMANENT APPROPRIATIONS
[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	55	320	55	320
Distribution of budget authority and outlays by account:				
Educational expenses, children of employees, Yellowstone National Park	55	295	55	295
Payment for tax losses on land acquired for Grand Teton National Park		25		25
Operation, management, maintenance, and demolition of federally acquired properties, Independence National Historical Park				

1. *Educational expenses, children of employees, Yellowstone National Park.*—Public Law 80–604 (62 Stat. 338) approved June 4, 1968, authorizes the use of visitor fees collected at Yellowstone National Park, to provide funds necessary for the education of dependent children of park employees. Assistance is provided for maintaining educational standards at levels consistent with the Park County School District of Montana, for incremental teacher compensation, school supplies, educational aids, payment to school districts for supporting transportation and other services, and for the sound maintenance of the school plant and facilities.

2. *Payment for tax losses, on land acquired for Grand Teton National Park.*—Pursuant to the Act of September 14, 1950 (64 Stat. 851) the Secretary of the Interior is authorized to use visitor fees collected at Grand Teton and Yellowstone National Parks to compensate the State of Wyoming for tax losses on lands acquired for Grand Teton National Park. The amounts paid by the Service vary from year to year, due in part to the change in the tax rate and assessed valuation, the withdrawal of additional lands from the tax rolls for addition to the park, and the gradual reduction (5 percent per year after a 10-year period) in the computed amount due. It is estimated that $25,000 will be required to compensate the State for 1977 calendar year tax losses.

3. *Operation, management, maintenance, and demolition of federally-acquired properties, Independence National Historical Park.*—Monies collected from rental operations of the Irwin Building were used for the operation, management and maintenance of this building and its subsequent demolition, as authorized in the Act approved October 26, 1951 (16 U.S.C. 407s).

NATIONAL PARK SERVICE—TRUST FUNDS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	750	3,000	750	1,600
Distribution of budget authority and outlays by account:				
National Park Service, donations	749	2,997	749	1,497
Advances from District of Columbia, National Park Service				100
Preservation, Birthplace of Abraham Lincoln	1	3	1	3
Jefferson National Expansion Memorial, contributions				

1. *National Park Service, donations.*—The Secretary of the Interior accepts and uses donated moneys for purposes of the National Park System (16 U.S.C. 6).

2. *Advances from District of Columbia, National Park Service.*—The Service has received advances from the District of Columbia for improvements for Fort Stanton Park.

3. *Preservation, Birthplace of Abraham Lincoln, National Park Service.*—This fund consists of an endowment given by the Lincoln Farm Association, and the interest thereon is available for preservation of the Abraham Lincoln Birthplace National Historic Site, Kentucky.

4. *Jefferson National Expansion Memorial, contributions.*—Pursuant to the act of May 17, 1954 (68 Stat. 98–100), as amended, the Secretary of the Interior was authorized to construct upon the Jefferson National Expansion Memorial National Historic Site, St. Louis, Mo., an appropriate national memorial to those persons who made possible the territorial expansion of the United States. Contributions are accepted from the city of St. Louis or other non-Federal sources in the ratio of $1 to each $3 of Federal appropriations.

GEOLOGICAL SURVEY—PAYMENT FROM PROCEEDS, SALE OF WATER

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total				

Payments from proceeds, sale of water, mineral leasing act of 1920, sec. 40(d).—When lessees or operators drilling for oil and gas on public lands strike water, water wells may be developed by the Department from proceeds from the sale of water from existing wells (30 U.S.C. 221–229). No obligations are anticipated in 1977.

BUREAU OF MINES—CONTRIBUTED FUNDS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	120	600	120	600

Funds contributed by States, counties, municipalities, and private sources are used to conduct research and investigations to promote the conservation, evaluation, and development of mineral resources and the health and safety of miners.

HELIUM FUND

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Contract authority (permanent) (50 U.S.C. 167, 74 Stat. 918)		47,500		

The authorized purposes of the Helium Act Amendments of 1960 (50 U.S.C. 167) are to locate and develop helium reserves and to produce, sell, and distribute supplies of helium, and to conserve a sustained supply of helium that will be sufficient to provide for essential Government activities.

BONNEVILLE POWER ADMINISTRATION—TRUST FUND

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total				

Pursuant to the Federal Columbia River Transmission System Act of 1974, the unexpended balances available under this account have been transferred to the new Bonneville Power Administration fund, and the activities formerly financed by appropriations will be financed through the revolving fund.

SOUTHEASTERN POWER ADMINISTRATION—CONTINUING FUND

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total				

A continuing fund of $50 thousand, maintained from receipts for the transmission and sale of electric power in the Southeastern area, is available to defray emergency expenses necessary to insure continuity of service (16 U.S.C. 825s–2).

SOUTHWESTERN POWER ADMINISTRATION—CONTINUING FUND

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total				

This fund, replenished from power receipts, is available permanently for emergency expenses that would be necessary to insure continuity of service (16 U.S.C. 825s–1); 63 Stat. 767; 65 Stat. 249).

BUREAU OF INDIAN AFFAIRS—MISCELLANEOUS APPROPRIATIONS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	4,000	14,866	4,000	15,000
Distribution of budget authority and outlays by account:				
1. Alaska Native Fund	1,000	2,000	1,000	2,000
2. Claims and treaty obligations	200	200	200	200
3. Acquisition of lands and loans to Indians in Oklahoma, act of June 1936				100
4. Operation and maintenance, Indian irrigation systems	1,540	6,850	1,600	6,700
5. Power systems, Indian irrigation projects	1,260	5,816	1,200	6,000
6. Arts and crafts				

Mineral Income Revenues, Alaska—$2,000,000

Revenue is comprised of royalties, rentals and bonuses collected by the State of Alaska and the United States for minerals that are subject to disposition under the Mineral Leasing Act of 1920 as amended, and supplemented in accordance with the provision of Section 9 of the Alaska Native Claims Settlement Act.

Claims and treaty obligations—$200,000

A. *Fulfilling treaties with the Senecas of New York—$6,000.*—This money is to be paid in equal shares to members of the Seneca Nation as provided by the Act of February 19, 1831 (4 Stat. 442).

B. *Fulfilling treaties with Six Nations of New York—$4,500.*—The Six Nations comprise the Senecas, Tonawanda Band of Senecas, Tuscarora, Onondago, Oneida and Cayuga Tribes. This money is allocated as follows: $2,700 to the New York Indians for the purchase of dress goods and $1,800 is distributed per capita to the Oneida Indians under the jurisdiction of the Great Lakes Agency, Wisconsin, as provided by the Act of November 11, 1794.

C. *Fulfilling treaties with the Pawnees, Oklahoma—$30,000.*—This money is distributed per capita to the Pawnees as provided by Article 2 as amended of the treaty of September 24, 1857.

D. *Payments to Indians of Sioux Reservation—$159,500.*—This is an annual charge against the general fund of the Treasury, the amount being indefinite until applications are made and approved. The legal authority for these payments is found in the Act of March 2, 1889, section 17 (25 Stat. 894); Act of June 10, 1896 (29 Stat. 334); and the Act of June 21, 1906 (34 Stat. 326).

Operation and maintenance, Indian irrigation systems—$6,850,000

Funds are obtained from the collection of assessments against water-users on the various projects and are deposited in the Treasury to the credit of the respective projects. Funds are used for such purposes as annual cleaning of canals and laterals to remove silt, moss and weed growth; repair and replacement of water control structures; operation and maintenance of reservoirs, dams and pumping plants, including the purchase of electrical energy; payment to other government agencies and irrigation districts for operation and maintenance of irrigation systems on Indian lands included and benefited; repair of flood damage; etc. The various projects located on Indian reservations are thus maintained in good operation, permitting the facilities constructed by the Government to be utilized by the Indian and non-Indian landowners within the project who depend upon proper operation and maintenance of the projects for irrigation farming and subsistence. The policy in administration of Indian irrigation projects is to base the assessments rates for the various projects on actual costs.

Power systems, Indian irrigation projects—$5,816,000

Funds are obtained from earned revenue deposited in the Treasury to the credit of the respective projects. Funds are used for the operation and maintenance of two hydrogenerating plants; a diesel power generating plant; transmission lines; distribution systems and pumping plants for the use of the project irrigation systems; the purchase of power for resale and for all necessary expenses for operation of power systems. The project power systems serve their primary purpose of furnishing electrical energy to the projects for irrigation and drainage pumping and also furnish energy to mining and milling properties, public utilities and domestic consumers on the project proper, in nearby towns and villages, and in outlying farming areas. The energy supplied by these projects (San Carlos, Colorado River and Flathead Indian Reservations) in many instances is the only source of electrical energy available to the customers. The approximately 115 million kilowatt-hours which are transmitted over all project transmission and distributary systems annually serve approximately 9,600 domestic and commercial customers.

BUREAU OF INDIAN AFFAIRS—MISCELLANEOUS TRUST FUNDS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	76,155	228,702	68,248	222,357

OFFICE OF TERRITORIAL AFFAIRS—OFFICE OF THE COMPTROLLER FOR GUAM

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	185	256	200	655

Revenues locally collected in Guam derived from Federal income taxes, custom duties, and other services are used to finance the cost of the Government Comptroller in accordance with the "Guam Elective Governor Act" (Public Law 90–497). Operations of the Comptroller are included in the Administration of Territories as a reimbursement.

INTERNAL REVENUE COLLECTIONS FOR THE VIRGIN ISLANDS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	4,875	19,000	4,885	19,505

Revenue collected by the Government of the Virgin Islands is matched, to the extent of the collections less refunds and costs of collection, by payment out of quarterly revenue taxes collected by the United States on Virgin Islands products transported to the United States under provisions of the "Internal Revenue Code" (26 U.S.C. 7652(b)(3)) amended, less the amount needed to cover salaries and expenses of the Comptroller of the Virgin Islands in accordance with Public Law 90–496, 82 Stat. 837. Operations of the Comptroller are included in the Administration of Territories as a reimbursement. Newly enacted authority (Public Law 94–202) provides for quarterly instead of the previously annual payments to the Virgin Islands.

OFFICE OF THE SECRETARY—LITTER PREVENTION AND CLEANUP

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	5	25	5	25

Public Law 91–419 permanently appropriates to the Secretary of the Interior royalty fees from the manufacture, reproduction, or use of the character "Johnny Horizon" for public service antilitter programs to maintain the beauty and utility of the Nation's public lands (18 U.S.C. 714).

JOINT FEDERAL-STATE LAND USE PLANNING COMMISSION FOR ALASKA—COOPERATIVE FUNDS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	104	60	104	60

Section 17(a)(9)(A) of the Alaska Native Claims Settlement Act limits the Federal share of the expenses of the Joint Federal-State Land Use Planning Commission for Alaska to 50 percent. The State of Alaska provides for the remaining 50 percent of Commission expenses. In years prior, a portion of the State's support has been provided in-kind through assignment of State employees and lease of office space. All State support in 1977 will be in cash.

WATER RESOURCES COUNCIL—RIVER BASIN COMMISSIONS

[In thousands of dollars]

	Budget authority		Outlays	
	Transition quarter estimate	1977 estimate	Transition quarter estimate	1977 estimate
Total	1,099	6,692	1,287	6,702
Distribution of budget authority and outlays by account:				
Pacific Northwest River Basins Commission	113	349	140	487
Great Lakes Basin Commission	116	1,254	192	1,089
New England River Basins Commission	113	1,173	195	1,204
Ohio River Basin Commission	400	1,626	404	1,634
Missouri River Basin Commission	259	1,154	259	1,154
Upper Mississippi River Basin Commission	98	1,136	97	1,135

These trust funds provide for the operation of the river basin planning commissions authorized by title II of the Water Resources Planning Act of 1965. The commissions are jointly financed by contributions from the Federal Government and member States.

Estimating Outer Continental Shelf Receipts

The Committee recognizes the special problem created by the use of Outer Continental Shelf (OCS) receipts as a variable in reducing the estimated budget deficit. For example, the President's Budget for FY 1977 estimates that the projected deficit for FY 1977 will be $43 billion, but this estimate is based on estimated $6 billion in OCS rents and royalty receipts that reduce the overall deficit by that same amount. Since the President's Budget over the last fifteen years shows that OCS receipts were overestimated in eleven of those years (see Table1), this Committee would alert the Committee on the Budget that there is little likelihood of receiving the full $6 billion in receipts. Consequently, it is likely that the President's deficit is underestimated in his FY 1977 Budget.

With respect to alternative estimates of OCS receipts, the Committee is aware that the Congressional Budget Office in its five-year projections has estimated that OCS receipts will be in the range of $2.8 to $4.2 billion in FY 1977, or approximately $2 to $3 billion less than the President's estimate.

This Committee believes that a more reliable method of treating the OCS receipts would be to "actualize" receipts in the President's Budget. This could be accomplished by deferring the inclusion of OCS receipts in the President's Budget for one year, and then moving the actual receipts into the budget the next year.

At the least, one estimate should be agreed to and used by the two Budget Committees of the Congress prior to going to conference in order to spare conference members a numbers "guessing game" that wastes valuable conference time.

For your information, Table 2 lists actual Outer Continental Shelf receipts received since the inception of the off-shore leasing program. Also shown are actual escrow amounts by year. As a cautionary note if one compares Table 2 with Table 1, some anomalies between them become apparent. Since FY 1961 the President's Budgets have reflected statistics that are rounded to the nearest million in the actual columns.

68-249 O - 76 - 17

TABLE 1.—OUTER CONTINENTAL SHELF RECEIPTS, ESTIMATES AND ACTUALS IN PRESIDENT'S BUDGET FOR FISCAL YEARS 1961–75

[In millions]

	Bonuses and rents	Royalties	Total bonuses, rents and royalties
1961 Estimate	$3	$117	$120
Estimate	70	6	76
Actual	2	6	8
1962 Estimate	113	7	120
Estimate	133	7	140
Actual	6	6	12
1963 Estimate	210	10	220
Estimate	370	10	380
Actual	359	7	366
1964 Estimate	350	12	362
Estimate	174	9	183
Actual	6	11	17
1965 Estimate	262	10	272
Estimate	95	13	108
Actual	42	11	53
1966 Estimate	270	16	286
Estimate	152	13	165
Actual	162	86	248
1967 Estimate	335	65	400
Estimate	350	50	400
Actual	596	41	637
1968 Estimate	365	65	430
Estimate	435	65	500
Actual	903	58	961
1969 Estimate	420	80	500
Estimate	810	80	890
Actual	350	78	428
1970 Estimate	850	100	950
Estimate	206	86	292
Actual	73	114	187
1971 Estimate	400	570	970
Estimate	933	140	1, 073
Actual	891	160	1, 051
1972 Estimate		190	
Estimate	523	190	713
Actual	28	251	279
1973 Estimate	1, 880	1, 200	2, 080
Estimate	3, 145	1, 030	4, 175
Actual	2, 929	1, 027	3, 956
1974 Estimate	1, 800	300	2, 100
Estimate	5, 700	300	6, 000
Actual	6, 340	408	6, 748
1975 Estimate	4, 700	300	5, 000
Estimate	4, 500	500	5, 000
Actual	1, 936	492	2, 428

TABLE 2.—OUTER CONTINENTAL SHELF RECEIPTS, FISCAL YEAR 1955 THROUGH 1975

	Bonuses, rents (141820)	Royalties (142020)	Escrow	Tota
1955	$142, 404, 630. 48	0	$12, 217, 134. 37	$154, 621, 764. 85
1956	111, 171, 041. 53	$52, 814. 63	26, 518, 518. 78	137, 742, 374. 94
	[1] (57, 434, 228. 69)	(1, 656. 94)	57, 435, 885. 63	
1957	1, 976, 361. 00	232, 342. 31	10, 969, 890. 58	13, 178, 593. 89
1958	2, 630, 090. 41	830, 760. 69	12, 208, 496. 48	15, 669, 347. 58
1959	1, 145, 720. 00	2, 266, 484. 40	20, 418, 121. 35	23, 830, 325. 75
1960	226, 616, 838. 22	2, 839, 980. 97	172, 265, 367. 50	401, 722, 186. 69
1961	1, 716, 161. 23	5, 588, 525. 60	43, 762, 875. 15	51, 067, 561. 98
1962	6, 006, 921. 00	5, 605, 230. 15	498, 586, 287. 97	510, 198, 439. 12
1963	359, 370, 525. 43	7, 443, 921. 55	(229, 540, 465. 57)	137, 273, 981. 41
1964	5, 870, 970. 00	10, 620, 439. 52	135, 904, 544. 80	152, 395, 954. 32
1965	42, 223, 700. 64	11, 246, 201. 92	89, 032, 099. 84	142, 502, 002. 40
1966	161, 893, 155. 47	86, 424, 061. 11	(39, 552, 372. 76)	208, 764, 843. 82
1967	596, 202, 951. 97	41, 107, 770. 26	148, 129, 983. 44	785, 440, 705. 67
1968	903, 330, 950. 83	57, 935, 108. 40	121, 497, 143. 09	1, 082, 763, 202. 32
1969	350, 194, 610. 43	78, 083, 889. 47	285, 633, 591. 67	713, 912, 091. 57
1970	73, 280, 497. 60	113, 580, 953. 89	146, 947, 619. 87	333, 809, 071. 36
1971	890, 634, 479. 13	159, 914, 891. 13	221, 707, 956. 30	1, 272, 257, 326. 56
1972	28, 029, 741. 58	251, 323, 014. 27	183, 327, 304. 02	462, 680, 059. 87
1973	2, 928, 891, 918. 88	1, 026, 685, 097. 63	[2] (1, 017, 163, 160. 24)	2, 938, 413, 856. 27
1974	6, 340, 292, 958. 91	408, 101, 161. 00	66, 311, 861. 88	6, 814, 705, 981. 79
1975	1, 936, 151, 172. 34	491, 813, 968. 21	118, 233, 628. 04	2, 546, 198, 768. 59
Total	[3] 15, 052, 601, 168. 39	[3] 2, 761, 694, 960. 17	1, 084, 852, 312. 19	18, 899, 148, 440. 75

[1] GAO adjustment taken from general fund and placed in escrow.

[2] $1,123,336,137.12 transferred from escrow to general fund accounts on July 31, 1972: 141820, $393,184,441.83; 142020, $730,151,695.29.

[3] Includes transfers from general fund rents, bonuses and royalties to Land and Water Conservation Fund: 1969, $126,873,300.34; 1970, $107,882,204.45; 1971, $210,092,090.91; 1972, $223,677,068.29; 1973, $223,983,125.92; 1974, $243,887,917.71; 1975, $247,325,028.98.

BUDGET RECOMMENDATIONS OF THE SUBCOMMITTEES OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Recommendations of the Subcommittee on National Parks and Recreation

BACKGROUND

The park and recreation component of the budget request which reached the Congress has already been the subject of strong public expressions of opinion and pressure. The two most significant subjects of these expressions were the operating budget for the National Park Service and the funding level of the Land and Water Conservation Fund.

In the case of the NPS budget, there has been support for increasing the dollars available for operations during the critical period of the Bicentennial celebration and for the continuing protection and enhancement of the Park System on a higher level than that presently afforded. This support is broadly based, coming not only from conservation organizations which have been instrumental in creating an awareness of the present situation, but from the press and the general public as well.

Those elements which have received the greatest attention are the lack of manpower to adequately interpret Park System resources to the public, and lack of dollars to maintain historic structures, visitor facilities and roads and trails, which may be permanently damaged or lost through lack of maintenance.

In recent years, Congress has added new units to the National Park System, following detailed consideration of the appropriateness of these additions. In each case, provision was made to adequately staff the new areas, so as not to require any reduction in the services and skills then available at existing Park System units.

In practice, however, the Office of Management and Budget has not allowed the Park Service the necessary increase to fill these authorized positions on a permanent basis. As a result, temporary employees have been required to provide information and services to the public, often without adequate supervision or training. Also, some older, traditional components of the System have been forced to give up needed manpower in order to provide the necessary personnel for new units, particularly the Gateway and Golden Gate National Recreation Areas which make very heavy manpower (and dollar) demands upon the National Park Service.

Contributing to the increasingly serious management problems of the Park System has been the increase in visitation in the period since the end of the gasoline shortage of a few summers ago. These increases are literally only the beginning, however, because the Bicentennial celebration is expected to provide a massive influx of park visitors this year. It should be noted that the financial and personnel costs of dealing with this increased visitation load will not be borne only during the current year, but in the near future, as well, for it will be necessary to refurbish and restore the park units which will receive the bulk of Bicentennial visitor pressures.

In addition to a growing National Park System and increasing visitor use of that system, a third restricting influence on adequate park management in recent years has been inflation which has sapped the vitality of other Federal and private programs. In the case of the Park System, however, the effects of inflation have been particularly severe. In the last budget cycle, the Administration proposed an increase of only one per cent in the Park Service budget at a time when inflation was running at or above ten per cent.

A growing system can be constrained only so long before that system is destroyed.

The growth of the National Park System has brought it perilously near the point where existing constraints are lethal.

Funding of the Land and Water Conservation Fund is a case which provides, in strictly dollar figures, an even more dramatic example of the uncertainties plaguing the Federal recreation program.

The fund is now authorized for appropriation at the level of $300 million annually. During the past winter, when the Senate had approved an increase in the authorized level to $1 billion and this Subcommittee was acting upon similar legislation, the Office of Management and Budget apparently recommended no funding for the coming fiscal year.

The utility and popularity of the Fund is such—it is responsible for funding virtually all land acquired for Federal park and recreation purposes, and provides matching funds for State and local projects for the acquisition and development of outdoor recreation facilities—that the OMB proposal drew heated reaction from all quarters. The decision was finally made to recommend funding at the authorized level for the fund. Accordingly, the Administration budget calls for funding of $300,000,000 in fiscal year 1977.

THE NATIONAL PARK SERVICE BUDGET AS SUBMITTED

The Subcommittee is cognizant of the harsh reality that the Federal Government cannot hope to fully fund all of those programs which the public, and we as individual Members of the Congress, might wish to see made available to the American people.

We also believe that there is a need for a program which makes available to the middle income, tax-paying citizenry some of the benefits of the government.

The Federal support of parks and recreation combines, we feel, to meet the twin tests of overall importance and return to the tax-paying public.

With this as the frame of reference, the following considerations in the budget submitted to this Congress are offered.

NATIONAL PARK SERVICE ADMINISTRATION BUDGET SUMMARY

[In thousands of dollars]

	Fiscal 1976	Fiscal 1977	Change
Operating programs	260, 554	280, 864	+20, 310
Grants and assistance	31, 383	22, 329	−9, 054
Planning and construction programs	68, 444	52, 443	−16, 001
Total	360, 381	355, 636	−4, 745

This reduction of approximately 1.3 percent from the spending level of fiscal year 1976 may be commendable in terms of controlling Federal spending, but it represents a serious threat to a unique and valuable natural resource.

This is especially true because the amount available to the National Park Service, $355.64 million, contains many earmarked items which constitute obligations of the Service which will not result in protection or enhancement of the resources. Nearly one-third ($6.1 million) of the $20.3 million increase in the operations budget, for instance, goes to meet required salary increases.

The Subcommittee recognizes that we cannot allow all of the items in the budget to increase in cost every year. There are programs which have outlived their usefulness or which might be better managed in a different agency or department of the Federal establishment. In this budget examination and in the continuing oversight functions of our Subcommittee, a conscious effort shall be made to identify such programs.

The operating portion of the Park Service budget, despite an increase of slightly more than $20 million over last year's funding, is not adequate to meet the present and continuing needs of the National Park System.

The Administration also proposes to cut $10,200,000 from the funds devoted to preservation of historic properties. This comes at a time when the Subcommittee has received voluminous testimony indicating that the existing full funding in this case is far from sufficient to the real needs of an adequate program to protect historic properties. Most of the money to be cut would be from the matching grants programs which has stimulated additional local commitments to historic preservation. To propose such a decrease during our Bicentennial year is clearly an unacceptable measure.

Planning and Construction Programs are presented with a proposed reduction of over $16 million from the current spending level. The Subcommittee is of the opinion that not every facility in every unit of the National Park System needs to be there. As existing structures and facilities become in need of rehabilitation, this offers the Park Service an opportunity to reevaluate the need for that item within the boundaries of a park unit. In many cases, we believe, it will be found that the facility is no longer needed, or that it may be replaced outside the unit boundaries so as to enhance the natural conditions of the park area. In no event, however, can we remove all structures from within the units of the system, so that it is necessary to more adequately fund the repair and replacement of the facilities which are to remain.

The Subcommittee recognizes that the decrease here is primarily in the road construction program. While we can understand the nature of the decrease, there are certainly other elements, such as the maintenance of existing roads and other improvements, which are far from adequately funded. The only problem which could arise in the Park Service in making use of additional funds in this area would come in determining which critical gaps to fill first.

SUBCOMMITTEE RECOMMENDATIONS

An increased appropriation of $150,000,000 for fiscal year 1977 is strongly recommended by the Subcommittee. More than this amount remains as an unappropriated balance from previous years. The Subcommittee ordered legislation reported which recognizes the critical need to expand this appropriation to better fund the authorized federal recreation land acquisition programs, as well as to permit state and local programs to meet local recreation needs. Such an appropriation for 1977 would complement the later, more substantial increase proposed by the current legislation.

The Subcommittee wishes to stress that a budget analysis should be made of the utility of appropriating a higher amount now to begin to retire the Federal backlog of authorized lands, as opposed to deferring this acquisition until a later time. Because of the continuing increase in land prices, we believe it will be found to be cost effective to appropriate the funds now. The Subcommittee concurs with the proposed budget for planning and construction only because we believe the emphasis should be on this land acquisition initiative for the coming fiscal year. In fairness to the deliberations of the Budget Committee, it should be pointed out that there will be an eventual need for much higher funding in the construction and maintenance categories if the intent of the authorizing legislation for the various national park units is to be carried out.

This Subcommittee recommends that one thousand permanent positions be added to the Park Service personnel ceiling over the next 5 years, with 200 of these positions becoming available in each fiscal year beginning in fiscal year 1977. These positions would be in addition to those already provided by the Office of Management and Budget for fiscal year 1977. An additional $4 million is recommended in the operating account to fund these positions.

The desperate need for additional trained personnel has been demonstrated repeatedly, most recently in hearings before the House Committee on Government Operations. The Subcommittee considers this five-year proposal to be the minimum necessary to allow the Park Service to cope with the new areas added to the system and the increasing visitation to existing areas. We must emphasize that these additional positions should be for the field areas of the system, where they can best be used for resources protection and visitor services.

The proposed decrease in funding for matching grants for historic preservation is not acceptable to the Subcommittee. Our recommendation is that $24,400,000 be appropriated here. This is the authorized amount recently approved by the Subcommittee for fiscal year 1977, and continues the program at its previously existing level.

The matching federal grants authorized by this program have been the stimulus for local initiatives to preserve and restore historic properties throughout our country. The recent legislation reported by the Subcommittee on this matter is intended to bring eventual Federal support to this program to a level of some $100 million annually. The need for this level can be justified on the basis of need at the present time. For fiscal year 1977, however, the Subcommittee agreed to minimize the impact on the Federal budget. Our recommendation is the minimum acceptable for this Bicentennial year.

The Subcommittee recommends concurrence with the Administration proposal for the salaries and expenses for the Bureau of Outdoor Recreation. The modest increase over fiscal year 1976 is justified by an additional commitment to preparing the forthcoming revision of the Nationwide Outdoor Recreation Plan, as required by statute. The Subcommittee commends this initiative, particularly as the work toward a revised plan will be of use in better directing the efforts of the Bureau in maximizing recreation opportunities on a variety of levels.

Finally, the Subcommittee recommends concurrence with the Administration requests for the Pennsylvania Avenue Development Corporation. Legislation authorizing the needed amounts has been reported favorably by the Subcommittee. The Plan for the Avenue is now in effect, and the requests for fiscal year 1977 will permit implementation to begin.

TABLE 1.—PROGRAMS IN THE FEBRUARY BUDGET WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In thousands of dollars]

Major issue or program	Budget estimate		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
National Park Service: Preservation of historic properties	14,500	21,000	24,400 (+9,900)	30,000 (9,000)	Committee ordered H.R. 2763, as amended providing $24,400,000 for historic preservation, reported on Feb, 5, 1976. Full funding of matching grants program is vital to maximize state and local protection of historic properties.
Pennsylvania Avenue Development Corporation: Salaries and expenses.	1,425	1,425	1,425 (000)	1,425 (000)	Committee ordered H.R. 7743, as amended, reported on Feb, 5, 1976. Bill provides reauthorization for salaries and expenses of corporation, and authority for appropriation to be made for initial phase of public projects to be developed as part of the plan for the avenue.
Public enterprise funds	11,450	3,639	11,450 (000)	3,639 (000)	

TABLE 2.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In thousands of dollars]

Major issue or program	President's request		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Bureau of Outdoor Recreation: Salaries and expenses.	6,187	6,188 (000)	6,187 (000)	6,188	Committee supports this increase in operating funds, as compared to fiscal year 1976, and emphasizes the value of the increase which permits additional work to be done on the revision of the Nationwide Outdoor Recreation Plan.
Land and Water Conservation Fund.	300,000	329,000	450,000 (+150,000)	429,000 (+100,000)	Due to amounts previously credited to the fund which have not been appropriated, over $484,000,000 is available for 1977. The additional $150,000,000 recommended for appropriation would in part go toward purchase of the backlog of authorized but unacquired Federal recreation land. State and local programs would match funds to use the rest of this increase.
National Park Service: Operation of the National Park System.	272,864	273,495	276,864 (4,000)	277,495 (4,000)	The additional amount here would support 200 new employees above that previously requested. This number would be the first step in a multiyear program to bring personnel ceiling in the agency up to a level sufficient to protect the National Park System.
Planning and construction	33,200	22,925	33,200 (000)	22,925 (000)	The committee concurs with this low level of funding with the warning that this level is in no way sufficient to address the construction backlog which exists in this area. For this fiscal year, the committee believes that the priority should go to the acquisition increase as shown for the Land and Water Conservation Fund. However, the construction needs will have to be addressed in the near future.

Recommendations of the Subcommittee on Water and Power Resources

BUREAU OF RECLAMATION

The Subcommittee on Water and Power Resources notes with approval the President's Budget for the Bureau of Reclamation for fiscal year 1977 in that it contains a request for new appropriations in the amount of approximately three quarter billion dollars—an increase of approximately $100 million above the amount appropriated for fiscal year 1976. Generally, this Budget represents a realistic assessment of the needs of ongoing programs and should provide for effective utilization of the existing staff without unnecessary expansion.

More pertinently, the President's Budget indicates a growing awareness of the importance to our Nation's economic strength of an aggressive program to utilize wisely our renewable water and related land resources. The Subcommittee on Water and Power Resources believes that the public funds invested in the Western United States, through the Federal Reclamation program, are one of the highest and best uses of our financial resources. A large portion of the original investment returns to the Treasury in the form of project revenues and an even greater amount in taxes levied against the highly developed local and regional economies that accompany such investments. Indeed, there are no depressed areas—nor has there ever been—where well-designed and carefully managed multiple purpose water resource development projects are in operation.

The Bureau of Reclamation is financed substantially from appropriated funds made available under ten separate appropriations. Each of these will be discussed individually and in more detail in ensuing paragraphs.

Construction and rehabilitation.—The Subcommittee finds that, with only minor exceptions, the budget is adequate for maintaining an acceptable and efficient rate of construction on projects and units now underway and is likewise adequate with respect to the five new construction starts financed under this appropriation heading. The Budget is deficient, nevertheless, from the standpoint of initiating construction activities on new-start items. The Administration seeks to emphasize its role in providing for "new-starts" when, as a matter of practical fact, every item in the President's new-start category is being started with funds provided by Congressional action over and above the President's request in previous years.

The Subcommittee recommends that an additional sum of $9,350,000 be added to the amount requested by the President for Construction and Rehabilitation. Of this amount, $6,415,000 is needed to more adequately fund four ongoing programs while the remainder ($2,935,000) is needed to initiate advance planning activities on three programs passed by the House of Representatives on February 20, 1976, (S. 151) and to start construction on seven badly needed minor projects which have been authorized for some time.

Upper Colorado River Basin funds.—Funds appropriated under this activity heading are used to carry out the Act of April 11, 1956, as amended, authorizing the Upper Colorado River Storage Project and Participating Projects. It is a construction activity and is only distinct from the previously discussed activity in a technical legal sense. The Subcommittee feels that the level of funds included in the President's Budget is generally adequate and notes with approval that four previously authorized participating projects are proposed to be initiated. Accordingly, the Subcommittee recommends only two increases in the President's Budget, i.e., an additional sum of $800,000 for the Bonneville Unit, Central Utah Project, and a new-start on the Dolores Project, Colorado, in the amount of $850,000.

Colorado River Basin salinity control projects.—The Bureau of Reclamation has been designated as the agent of the Secretary of the Interior for implementing the Colorado River Salinity Control Act, through which the National Treaty commitment concerning quality of water delivered to the Republic of Mexico is to be maintained. The facilities being constructed under Title I of the Act appear to be adequately funded and the Subcommittee recommends no augmentation of that program. The programs authorized to be constructed under Title II of the Act have not been funded for construction and the Subcommittee believes that they are of sufficient urgency that funds in the amount of $1,580,000 should be provided. Authorized programs at Las Vegas Wash, Nevada; Paradox Valley and Grand Valley, Colorado, are urgently needed to demonstrate the practicability of controlling salinity levels from both man-made and natural sources. These programs will not only preserve Mexician water quality but will result in significantly improved water supplies for users in the States of the Colorado River Basin.

Recreational and Fish and Wildlife facilities.—The Colorado River Storage Project Act envisioned appropriate levels of development for recreation and fish and wildlife enhancement at each of the major storage units and the participating projects. The Subcommittee feels that these programs should be funded at a level to enable attainment of their benefits at the earliest practicable date. Augmentation of the President's Budget by the amount of $1,767,000 is recommended for this purpose.

Loan programs.—The Small Reclamation Projects Act and the Distribution Systems Act are programs through which loans are made available to qualified borrowers to finance local construction of approved water resource development projects. These programs are accomplished with a minimum of federal staff and at a correspondingly low level of overhead. Moreover, the loans are completely repayable and thereby provide a maximum level of public benefit with minimum public expense. Despite the evident benefits and lack of risk in this program, the level of funding for the loan program was reduced by about one-half from the Fiscal Year 1976 level. The Subcommittee feels very strongly that this reduction is unwarranted and has difficulty understanding the Administration's reasoning in failing to fund this program which it has previously endorsed and supported. The sum of $10,022,000 should be added to the Budget for this activity.

General investigations.—This activity embraces studies of potential water resource development programs and is also the funding mechanism for mission-oriented research, including geothermal and weather modification research. The future health of our water resource development programs is determined solely by the level of support given to both investigations and research. The investigation of future potential projects involves a high percentage of personnel costs and is therefore especially responsive to salary levels and pay raises. Accordingly, the Subcommittee considers the failure to budget increases for plan formulation studies equivalent to increases in the salary scale as a retrenchment in this crucial area which must be redressed by the Congress. It is therefore recommended that the sum of $867,000 be added to the Budget in this area. In a more specialized context, the Subcommittee recommends the addition of $1,320,000 to the General Investigations activity for accelerated consideration of the opportunity to utilize geothermal resources in the solution of specific problems of water and power supply and stabilization of the salinity levels of the Salton Sea in the Lower Colorado River Basin. While this activity is technically considered to be an investigation, it has substantial research overtones and is more hardware-intensive than the normal investigation. It requires a correspondingly higher level of funding. Much the

same observation can be said with respect to the recommended increase of $1,500,000 for atmospheric water resources research.

The summation of needed budgetary increase for the General Investigations Activity as set forth above is $3,687,000.

Other reclamation activities.—Other Bureau of Reclamation appropriations consisting of the Colorado River Basin Fund, Operation and Maintenance, General Administrative Expense and Emergency Fund appear to be budgeted at realistic and acceptable levels. No changes are recommended by the Subcommittee with respect to them.

Summary of reclamation recommendations.—The cumulative effect of the Subcommittee's recommendations, relative to the budget of the Bureau of Reclamation, would, if adopted, result in an increase in the President's Budget of $28,056,000—an increase of less than 4 percent. An increase of this limited scope is deemed to be fully justified from the standpoint of its impact on the Nation's future economic stability and from the standpoint of maintaining and preserving our capability to meet our growing needs for the goods and the services that are potentially available through careful management of water and related land resources. As a final thought, the Subcommittee commends the President for this budget as being the most realistic and defensible that has been presented in years and years.

The foregoing recommendations are presented in tabular form on the accompanying Table 2.

WATER RESOURCES COUNCIL

The Subcommittee on Water and Power Resources has reviewed the President's Budget for the Water Resources Council and, with one exception, agrees with the Budget from the standpoint of adequacy of funding. The Subcommittee is disappointed to note that no funds have been included for funding the Planning Grants to the States as authorized by Title III of the Water Resources Planning Act. This authority was specifically extended by legislative action in the First Session of the 94th Congress without recommendation or support by the Executive Branch. The Subcommittee strongly urges augmentation of the President's Budget in the amount of $5,000,000 for this important and worthwhile activity.

OFFICE OF WATER RESEARCH AND TECHNOLOGY

This item in the President's Budget covers programs authorized by the Water Resources Research Act and the Saline Water Conversion Act of 1971. The sum of $22,273,000 is considered to be adequate although there is concern with internal program emphasis. The Subcommittee supports the Budget for this item.

POWER MARKETING AGENCIES

The Power Marketing Agencies of the Department of the Interior—namely, Southwestern Power Administration, Southeastern Power Administration and Alaska Power Administration are all deemed to be adequately funded and the Subcommittee supports the President's Budget for each of them. Bonneville Power Administration operates from revenues and from the sale of bonds to the Treasury. This agency requires no specific budget authority.

TABLE 1.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In thousands of dollars]

Major issue or program	President's request		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)					
Water Resources and Power, Department of the Interior, Office of Water Research and Technology (301).	6,470	6,470	6,470	6,470	See table 2 for authorized portion of budget.
Water Resources Council	248	248	(None) 248 (None)	(None) 248 (None)	Do.
Total, table 1	6,718	6,718	6,718	6,718	

TABLE 2.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In thousands of dollars]

Major issue or program	President's request		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY, (300)					
Water Resources and Power, Department of the Interior, Bureau of Reclamation (301):					
Construction and rehabilitation.	347,017	352,801	356,367 (+9,350)	362,151 (+9,350)	See Narrative.
Upper Colorado River Basin.	61,900	48,375	62,550 (+1,650)	50,025 (+1,650)	
Colorado River Basin project.	73,420	80,000	73,420 (None)	80,000 (None)	
Colorado River Basin salinity control.	43,120	40,000	44,700 (+1,580)	41,580 (+1,580)	
Loan program	10,773	13,510	20,795 (+10,022)	23,532 (+10,022)	
Operation and maintenance	143,000	142,850	143,000 (None)	142,850 (None)	
General investigations	21,030	21,060	24,717 (+3,687)	24,747 (+3,687)	
General administrative expense.	22,600	22,804	22,600 (None)	22,804 (None)	
Emergency fund	1,000	1,000	1,000 (None)	1,000 (None)	
Trust funds	29,000	24,600	29,000 (None)	24,600 (None)	
Total, 301 Bureau of Reclamation.	752,860	747,000	779,149 (+26,289)	773,289 (+26,289)	
Bonneville Power Administration (301).		−15,130	(None)	−15,130 (None)	See table 1 for that portion of Budget requiring authorizing legislation.
Alaska Power Administration (301).	1,927	1,927	1,927 (None)	1,927 (None)	
Southeastern Power Administration (301).	1,106	1,104	1,106 (None)	1,104 (None)	
Southwestern Power Administration (301).	8,781	8,775	8,781 (None)	8,775 (None)	
Office of Water Research and Technology (301).	15,803	11,730	15,803 (None)	11,730 (None)	
Total, 301	780,477	755,406	806,766 (+26,289)	781,695 (+26,289)	
Water Resources Council (301)	15,909	16,454	20,909 (+5,000)	21,454 (+5,000	
Total, 301—Water resources, and power.	796,386	771,860	827,675 (+31,289)	803,149 (+31,289)	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)					
Recreational resources, Department of the Interior, Bureau of Reclamation (303): Upper Colorado River Basin fund.	4,131	1,410	5,898 (+1,767)	3,177 (+1,767)	
Total, table 2	800,517	773,270	833,573 (+33,056)	806,326 (+33,056)	

Recommendations of the Subcommittee on Energy and the Environment

H.R. 9719 PAYMENTS IN LIEU OF TAXES

Pursuant to the recommendations of the Public Land Law Review Commission, the Subcommittee on Energy and the Environment has developed a bill that will establish minimum payments to local governments in lieu of taxes on Federal lands that would otherwise accrue if the lands were not Federally owned and thus subject to property taxation. The bill, as amended by the Subcommittee, would provide a minimum 75 cents per acre payment which is subject to a per capita limitation and is to be reduced by revenues now paid to counties under existing laws providing for a share of money from certain activities (mining, timbering, etc.) occurring on Federal lands. In addition, in order to mitigate the impact of newly created parks and wilderness areas, the bill provides for a 1 percent payment of the fair market value at the time of purchase to be paid annually for five years.

The estimated cost of the bill, which is effective October 1, 1976, is $130,000,000.

SURFACE MINING

The full Committee has ordered reported a strip mining bill in lieu of the one vetoed twice by the President. The new bill, H.R. 9725 includes the following spending provisions:

a. Abandoned mine reclamation fund: Beginning with the first calendar quarter after January 1, 1977, coal operators would be required to pay a fee pursuant to the following formula:

All surface mined coal—35 cents;
All underground mined coal—15 cents; or
10 percent of the value of the coal if less than above amount;
Except lignite operators shall pay 5 percent value of the coal or 35 cents whichever is less.

The fees are to be paid into a reclamation fund for the purpose of reclaiming abandoned operations and other purposes and the funds are subject to the appropriation process.

It is estimated that the fee will generate $165 million annually and thus approximately $120 million will be available for appropriation in the next fiscal year.

b. Regulatory program: For assistance to the states and Indian tribes in carrying out the responsibilities under the Act, the amount of $10 million is to be made available under contract authority immediately upon enactment of the Act, Section 712(a). Section 712(b) authorizes $10 million for the first fiscal year for administration of the Act.

c. Studies: General studies are also authorized under the Act:

708(e) Study of regulation of reclamation in State of Alaska—$250,000;

709(c) Study of reclamation provisions for minerals other than coal—$500,000;

713(c) Research and demonstration for alternative coal mining technologies—$35 million for first fiscal year.

d. State mining mineral resource institutes: Title III of the Act establishes a program for the creation of an assistance to state mining and mineral resource institutes. In the first fiscal year the bill authorizes $7 million for the establishment of the institute, $15 million for research funds and $1 million for planning.

RECOMMENDATION TO THE BUDGET COMMITTEE PURSUANT TO OVERSIGHT RESPONSIBILITY UNDER RULE 10, CLAUSE 3(e)

The committee believes that the ERDA budget must provide a higher level of funding for the development of solar and geothermal energy, conservation, and environmental research. We believe such increases are necessary to meet the ERDA mandate established in the Federal Nonnuclear Research and Development Act of 1974 and to better balance the energy options being developed by ERDA.

Increases should include the following items abolished or cut back by the Office of Management and Budget:

Solar total energy pilot plant;
Multiunit megawatt wind energy pilot plant;
Ocean thermal energy conversion test facility; and
Solar thermal powerplant.

Office of Management and Budget reduced division requests for solar capital funds from $91,500,000 to $15,000,000.

In addition, the OMB decreased division requests by $47 million for solar heating and cooling. OMB also decreased amounts for the following:

Agricultural and process heat by $2.8 million;
Biomass research by $2.3 million;
Geothermal by $48.9 million; and
Conservation electric energy systems and storage by $35.8 million.

We are particularly concerned that only 3 percent of the ERDA budget is allocated for energy conservation programs, 4 percent for solar programs, 1 percent for geothermal, and 5.3 percent for total environmental research and environmental control technology.

The proposed budget provides for overall increases, in budget authority and outlays respectively, of 35 percent and 39 percent—44 percent and 41 percent for the nonnational security sections of ERDA; while solar energy appropriations are up 39 percent and 35 percent, fusion funds are up 57 percent and 36 percent.

Recommendations of the Subcommittee on Territorial and Insular Affairs

GENERAL NARRATIVE

The President's fiscal year 1977 Budget Requests for the Territories (Functions 800 and 850) call for a total decrease in Budget Authority of $8,985,000, from the fiscal year 1976 figure of $132,424,000 to the fiscal year 1977 total of $123,439,000, with the reduction resulting essentially from the completion of the Micronesian Claims authorization with the fiscal year 1976 appropriation of $10,000,000, and from smaller withdrawals from Federal income and excise taxes returned to the Virgin Islands and Guam Treasuries to fund the U.S. Comptrollers Reimbursable Program for those two territories.

On the other hand, the fiscal year 1977 Budget Authority of $82,321,000 for the Trust Territory of the Pacific Islands (TTPI) is an increase of $2,011,000 over the total fiscal year 1976 figure of $80,310,000 (including pay costs supplemental), although the latter total does not include proposed supplemental of $10,148,000 for TTPI operations and Northern Marianas Transition. Outlays including pay raise supplemental, total $80,817,000, as opposed to $84,448,000 for fiscal year 1976.

The new increase in Budget Authority results from an increase of $46,500 for the High Commissioner's Office, $21,200 for the Judiciary, $25,000 for the Federal Comptroller's Office, and $5,918,300 in grants for government operations and capital improvements, with the total increase offset considerably by the completion in fiscal year 1976 of the

TTPI Economic Development Loan Fund capitalization ($1.0 million) and the Bikini *ex gratia* payments ($3.0 million). The requested funding for fiscal year 1977 is distributed basically as follows: direct appropriation, $1,224,000; grants for operations, $59,497,000; grants for capital improvement program, $21,600,000. Grants are provided by various Federal agencies either on a matching fund basis or as outright contributions. It should be noted, however, that no funds are requested for categorical assistance programs.

Total outlays under the President's Budget for fiscal year 1977 (Functions 800 and 850) aggregate $131,640,000, a decrease of $19,824,000 from the 1976 outlays of $151,355,000. Neither figure, for either year, reflects the outlays for adjudicating Micronesian wartime claims, which are the same amount as the Budget Authority figures in both fiscal years.

FOUR-YEAR COLLEGE OF MICRONESIA

The House of Representatives, in the bill H.R. 7688 providing 1976 fiscal year and 1977 fiscal year budget authorizations for the administration of the Trust Territory of the Pacific Islands, added an authorization of "* * * up to but not to exceed $8,000,000 for the construction of such buildings as are required for a four year college to serve the Micronesian community * * *". The bill has been approved by the Senate Interior and Insular Affairs Committee and Senate floor action is pending. The Subcommittee recommends a 1977 fiscal year outlay of $500,000 for planning purposes as outlined in House Report No. 94–291.

MICRONESIAN WAR CLAIMS

As Section 2 of House Joint Resolution 549, To approve "The Covenant to Establish a Commonwealth of the Northern Mariana Islands * * *", the House of Representatives approved an authorization of "* * * such sums as may be necessary * * * for the purpose of making full payments of awards under title II of the Micronesian Claims Act of 1971, Public Law 92–39." The Act of 1971 authorized $20,000,000 for title II claims and it is estimated an additional $14,000,000 will be needed to pay the awards in full, as adjudicated by the Micronesian War Claims Commission. The Subcommittee recommends fiscal year 1977 outlay of $14,000,000 for this purpose.

GUAM CAPITAL IMPROVEMENTS

For several years, officials of Guam have requested the Administration and Congress to provide funds for an emergency capital improvements program to meet long-time and growing needs for roads, sewers, schools, etc. Hearings on legislation of this type were held on June 16, 1975, and the Subcommittee anticipates developing and acting on a bill which would authorize annual appropriations, beginning in fiscal year 1977, for a period of five years, for a total of $60,000,000.

TABLE 1.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In thousands of dollars]

Major issue or program	President's request		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Trust Territory of the Pacific Islands (806).	82,321	80,817	82,321 (000)	80,817 (000)	The subcommittee notes that authorizing legislation permits the application of a GNP deflator, which may increase outlays higher than the President's estimates.

TABLE 2.—LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In thousands of dollars]

Legislative initiatives	Budget authority	Outlays	Comment
4-year College of Micronesia (806).	$500	$500	H.R. 7688, containing a total authorization for $8,000,000, passed the House on June 16, 1975. Reported by Senate Interior and Insular Affairs Committee Nov. 26, 1975. Senate floor action pending. See narrative.
Microneisan war claims (806)...	$14,000	$14,000	H.J. Res. 549, containing this authorization, passed House July 21, 1975. Senate action pending. See narrative.
Guam Capitol Improvements (806).	$12,000	$12,000	See narrative.
Northern Mariana Islands Commonwealth (806).	$14,000	$14,000	H.J. Res. 549, containing this authorization, passed House July 21, 1975. Senate action pending.
Federal grant-in-aid programs in the Trust Territory of the Pacific Islands (806).	$2,000	$2,000	Beginning with fiscal year 1974, and including fiscal year 1977, Congress has authorized "such sums as are necessary but not to exceed $10,000,000. . . . to offset reductions in, or the termination of, Federal grant-in-aid programs made available to the Trust Territory of the Pacific Islands by other Federal agencies." Funding is herewith recommended for this purpose.

TABLE 3.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In thousands of dollars]

Major issue or program	President's request		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Administration of territories (806),	21,862	27,621	21,862 (000)	27,621 (000)	The fiscal year 77 budget authority of $21,862,000 is a decrease of $152,000 from the total appropriation for fiscal year 1976 of $22,014,000 (which does not include the fiscal year 1976 proposed supplemental of $4,740,000 for American Samoa to compensate for the sharp drop in local revenues). The decrease results from a requested lowering of Department of the Interior grants to American Samoa from $20,229,500 to $20,073,000, and a drop in appropriations for the Samoan Judiciary from $386,500 to $380,000. The only increase requested is for the Governor's office: from $398,000 to $409,000. The fiscal year 1977 budget authority, while making no provision for loans or grants to Guam, does include another $1,000,000 for the Guam Economic Development Fund. A total of $3,000,000 has been appropriated through fiscal year 1976 toward the total authorization of $5,000,000 approved Oct. 17, 1968.
Office of the Comptroller for Guam (special fund): Permanent, indefinite (806).	256	655	256 (000)	655 (000)	Although budget authority for fiscal year 1977 is only $256,000 (as opposed to $600,000 for fiscal year 1976) the total available funds for fiscal year 1977 will aggregate to $905,000, with the remainder derived from $250,000 in trust territory funds and $399,000 in unobligated balance from Guam sec. 30 funds applied to the Guam Comptroller's Office.
Internal revenue collections for the Virgin Islands (special fund): Permanent, indefinite (852.)	19,000	19,505	19,000 (000)	19,505 (000)	Local revenues collected by the territorial government are matched, minus refunds and costs of collection, by payments, drawn quarterly, from excise taxes collected by the United States on Virgin Islands products transported to the mainland, pursuant to the U.S. Internal Revenue Code (26 U.S.C. 7652(b)(3) and P.L. 94-202), less amounts required to cover the costs of the U.S. Comptroller's Office.

Recommendations of the Subcommittee on Mines and Mining

U.S. GEOLOGICAL SURVEY

The 1977 budget request for the USGS is $284.3 million, an increase of $11.8 million over the previous year. Increased pay, space, and position costs, however, amount to $5.3 million, leaving only $6.5 million of the increase for program increases. Most of the USGS programs appear to be adequately funded, although some, particularly in the energy-related activities, do not seem to have sufficient money available to meet the program objectives. A few programs, such as the geography program, seem to be inadequately justified in terms of the proposed spending levels.

Land resource surveys of the environmental aspects of energy appear to be lightly funded. The requested amount of $6,292,000, although an increase of $1,200,000 over the previous year, does not seem commensurate with the increased need for this type of information. New legislation, such as the Energy Policy and Conservation Act (P.L. 94–163), provide strong incentives for coal development. Considering the large size of the domestic reserves of coal that are likely to be developed in the next few years, it seems that the effort which could be generated by the amount requested would necessarily be inadequate. The fact that part of the effort is directed toward minimization of hazards to nuclear reactors will dilute that effort even further. The recent lifting of the moratorium on coal leasing will also add to the workload in these areas, as will any Federal exploration program such as that provided for in H.R. 6721, which passed the House on January 21, 1976.

The Survey's budget justification does not attempt to explain the "reduction" of $6 million for geothermal studies; the Subcommittee has learned, however, that this "reduction" is in reality a transfer of responsibilities and resources to the Energy Research and Development Administration—thus, it does not really indicate a reduction in the overall Federal spending level. It appears that the Administration has acted to achieve an administrative consolidation of energy-related activities; but no evidence has been presented to indicate that this would not also represent the loss of the expertise and experience which the Survey has in this field.

Similarly, no justification has been afforded for the cut of $1,303,000 for oil and gas appraisals in offshore tracts, except for the statement that the displaced funds will be used "to meet other National Program needs."

The increase in the request for regulation of operations on Federal and Indian oil and gas leases ($7,214,000) seems surprisingly large. The increase for regulations of operations on Federal and Indian Energy Minerals ($1,528,000) is an increase of 132 percent. Even though the workload may be increasing these areas, the size of the budget request seems disproportionally large in comparison to the additional work that is to be done.

The geography program requires the compiling by a small staff of land-use maps for selected areas. For this modest effort, $2,447,000 seems to be an excessive request. No justification is given for its size which is the same as for the previous year. If this amount is genuinely needed, some breakdown of expenditures should be given so that it can be properly evaluated, especially in light of the fact that the regional mapping and analysis functions are to be reduced in funding by $2,688,000—reflecting what is termed the "highly selective basis" of what was once envisioned as a program aimed at complete nationwide mapping on large-scale geologic maps.

The amount budgeted for nuclear energy hydrology, conversely, is only half of that of the geography program. Considering the fact that

this program consists of water availability evaluation for nuclear powerplant siting, estimating of waste heat discharge, and the study of subsurface disposal of radioactive wastes, the amount of $1,251,000 does not seem adequate, even though it is an increase of $200,000 over the previous year.

BUREAU OF MINES

The 1977 budget request of the BOM is $154,370,000. This is $4,524,000 less than the $158,894,000 in the budget for fiscal year 76. Although, in part, due to completion of construction projects, deep cuts in some continuing programs and no increases in others seems to indicate that less effort will be exerted by BOM on important mineral programs. Particularly disturbing is the standstill (which actually means a reduction) in the fields of hardrock mineral leasing, and the Bureau's valuable research aimed at increasing the recovery and reuse of minerals from municipal, industrial, and other wastes. Given the increasing dependence of the United States upon foreign sources of many critical minerals, these are areas that stand to afford the greatest long-term returns for investment now.

It is disturbing to note the sharp reduction in the request for funds for effecting pollution abatement. The cut of $4,115,000 to a total of $3,366,000 for fiscal year 77 seems excessively large for such an important area of research. The justification emphasizes the potential benefits of this activity but notes that the principal restraint is reluctance on the part of industry to apply the technology because costs are not immediately recovered. This certainly is not an adequate reason, and no other is given, for the reduction in funds for this program.

Advancing minerals technology is an area of critical importance, yet the request has been reduced by $1,800,000 to $12,133,000. It does not seem likely that the objectives of the program will be fully met at a lower level of funding. Moreover, no reason is given for the cut. The justification makes a strong case for having such a program, but it does not explain the direction of the program budget.

In many of the programs listed there are no changes indicated. Higher costs over the preceding year mean that many important programs are actually being cut in real dollars. It is unlikely that a very valuable program such as information dissemination, on which many policy decisions both in the Executive and Legislative Branches are based, can be advanced or even adequately maintained. Perhaps with additional funding, the inexcusable two-year delays in publishing the Minerals Yearbook might be eliminated or at least substantially reduced. At present much of the information is obsolete by the time it reaches the users. Much improvement could be expected in BOM's publication performance.

Recommendations of the Subcommittee on Indian Affairs

NEW INITIATIVE

H.R. 2525, Indian Health Care Improvement Act.—Despite significant advances in the health status of American Indians and Alaska Natives in recent years as the result of Indian Health Service activities, major needs remain to be met. For example, the tuberculosis death rate among Indians and Alaska Natives in 1971 was 4½ times that of the general population, while the infant mortality rate among Indians and Alaska Natives was approximately 20 percent greater than for the population at large. The influenza and pneumonia death rate was over one and a half times greater for Indians and Alaska Natives than for the general population, and the incidence rate of such various diseases as hepatitis, dysentery, diabetes, and liver cirrhosis was invariably

68-249 O - 76 - 18

higher among Indians and Alaska Natives. In addition, otitis media, a disease affecting the middle ear which, if left untreated, results in hearing loss, continues to be a leading cause of disability in Indians and Alaska Natives. While there has been improvement in the nutritional quality of the food supply available to some Indians, substantial numbers of Indians and Alaska Natives still do not have sufficient food or economic resources to prevent and overcome mild or moderately severe nutritional problems.

Efforts to improve the health status of Indians and Alaska Natives are thwarted by factors such as environmental and geographical conditions, personnel shortages and outdated or inadequate facilities. Thus the frequent lack of access of Indians and Alaska Natives is created by remote residences, undeveloped or underdeveloped communication and transportation systems, and difficult, often severe, conditions of climate. Moreover, an inadequacy of safe water and sanitary waste disposal services create a serious hazard to health; for example, over 37,400 existing and 48,960 planned replacement and renovated Indian housing units need new or upgraded water and sanitation facilities.

Shortages of personnel and services are sometimes crucial. For example, about one-half of the Indian Health Service hospitals, four-fifths of the hospital outpatient clinics, and one-half of the health clinics meet only 80 percent of staffing standards for their respective services. There are, in addition, insufficient services in such areas as laboratory, hospital inpatient and outpatient eye care and mental health services, and services available through contracts with private physicians, clinics, and agencies. About 90 percent of the surgical operations needed for otitis media have not been performed, over 7 percent of required dental services remain to be provided, and about 98 percent of hearing aid requirements are unmet.

Finally, only 24 of 52 Indian Health Service hospitals are accredited by the Joint Commission on Accreditation of Hospitals; only 31 meet National fire and safety codes and 52 locations with Indian populations have been identified as requiring either new or replacement health centers and stations, or clinics remodeled for improved or additional services.

H.R. 2525, the Indian Health Care Improvement Act, is addressed toward rectifying these deficiencies and improving the quality of Indian health care. Following is the H.R. 2525 fiscal analysis as reported by the Subcommittee. A total of $198,482,000 is requested for fiscal year 1977 to implement the provisions of the Subcommittee bill as passed. The Senate bill as passed requests $232,224,000 for implementing the provisions of the health care improvement act. The Indian Affairs Subcommittee of the House of Representatives at the time of submission of this report estimates that the final figure for fiscal year 1977 for the implementation of H.R. 2525, will be lower than the Senate bill as passed. The Subcommittee's present estimate is $216 million in budget authority and outlays.

[In thousands of dollars]

Sections	*1977*
102—Recruitment	900
103—Prep. Scholarships	800
104—Scholarships	5,400
105—Extern	600
106—C. educ. allow	100
Total	7,800
201(c)(1)—Patient care	2,750
201(c)(2)—Field Health	2,000
201(c)(3)—Dental Health	800

[In thousands of dollars]

Sections	1977
201(c)(4)—Mental Health:	
A. Community Services	500
B. Inpatient Facilities	200
C. Model Dorms	625
D. Therapeutic and residential treatment centers	150
E. Training of traditional Indian Practitioners	75
201(c)(5)—Treatment and Control of Alcoholism	-------
201(c)(6)—Maintenance and Repair	3,000
Total	10,100
301(a)(1)—Hospitals	123,880
301(a)(2)—Health centers and health stations	6,960
301(a)(3)—Staff housing	1,242
302(b)—Safe water and sanitary waste disposal facilities	43,000
Total	175,082
506—Health Services for Urban Indians	5,000
603(a)—American Indian School of Medicine	500
Grand total	198,482

Operation of Indian Programs (300/302)

FORESTRY AND AGRICULTURE, MINERALS AND MINING, IRRIGATION AND POWER

Fiscal year 1977 President's budget—$34,154,000.
1976 estimate—$36,026,000.

Forestry—(Forest Management, 25 USC 466)

The goal of Indian forest management is to realize from the forest resources the highest economic and social return to the Indian people, on a sustained basis. This goal is achieved by carrying out forestry functions of timber sale administration, forest development, forest protection, inventories, and management planning and assistance to individual Indian entrepreneurs and tribal enterprises. Moreover, the harvesting and processing of Indian timber provides valuable income and employment to Indian owners.

Agriculture—(Snyder Act, 25 USC 13)

The agriculture program area includes making inventories of soil, range and water resources; assistance in the planning of programs and projects for conservation and use of farm, ranch, watershed and other reservation lands; and assistance in the application or installation of measures for soil, water and range conservation. Special emphasis is given to Indian participation in the making of decisions that affect the development, use and management of their agricultural resources.

The water resources program, included herein, provides assistance to Indians to inventory, conserve, develop and use their water resources, with particular reference to water resource problems and uses of a special nature. The program area has only recently been identified as a separate function within the scope of the Forestry and Agriculture item.

The wildlife and parks program provides for the conservation, development, and utilization of Indian wildlife and park resources. More than half of the total effort under the program is concerned with fishing by Northwest Indian tribes.

Minerals and Mining—(Mineral lands, 25 USC 399) (Mining lands, 25 USC 396)

Little information is available to Indian tribes which would effectively define their mineral resource development potential. This is despite the fact that many minerals are known to exist on Indian

reservation lands. These include coal, oil shale, uranium, oil and gas. Recent energy shortages have placed a high priority on developing the nation's energy potential in order that the country can become self-sufficient in the areas of energy. The development of energy resources on Indian lands is a necessary component of such development. It is therefore, imperative that Indian tribes and allotted landowners be provided with an inventory of their mineral resources in order that constructive programs may be initiated for inclusion of these resources in national programs.

Irrigation and Power—(Snyder Act, 25 USC 13)

The Irrigation and Power program provides funds to pay the operation and maintenance assessments for those Indians who are financially unable to pay their assessments. Paying assessments for those Indians who are financially unable to pay will provide those water users, both Indians and non-Indian, who have paid their assessments, adequate and proper operation and maintenance services for which they were required to pay in advance.

Indian Services (*450/452*)

AID TO TRIBAL GOVERNMENT, SOCIAL SERVICES, LAW ENFORCEMENT, HOUSING

Fiscal year 1977 President's budget—$154,735,000.
1976 estimate—$139,781,000.

Aid to Tribal Governments—(Snyder Act, 25 USC 13)

For the past four years the BIA has operated a tribal government development program which contracted with small low income tribes for projects designed to improve the capability of their tribal government. Also, for the last three years, the Bureau has through it's tribal planning services program contracted with tribes for the development of comprehensive plans which recognized tribal goals and objectives and were designed to meet the socio-economic and environmental needs of the reservation.

In fiscal year 1977 the BIA will be operating under authority of the Indian Self-Determination and Education Assistance Act, Public Law 93–638. Sec. 104 (a) of this act authorizes grants to tribes for strengthening or improving tribal governments, including tribally funded programs or operation of tribal facilities or resources. It also authorizes grants for the planning, design, monitoring and evaluation of Federal programs serving the tribes. The flexibility offered by this Act will enable tribes who were excluded from the tribal government development program now to receive funds for government improvement projects and programs. Under the proposed self-determination grants program it is estimated that 420 tribes will be eligible to participate.

Social services—(Snyder Act, 25 USC 13)

The BIA social services program provides Indian individuals and communities with financial and social service assistance which will enable them more effectively to cope with individual and community social problems. The BIA must administer, in this regard, a program of social services on every major Federal reservation and in the BIA administrative jurisdictions in Alaska and Oklahoma. Such services are provided only when they are not available through State or local public welfare agencies. The specific operation elements of this program are general assistance, child welfare assistance, and miscellaneous and social services assistance.

Law enforcement—(Snyder Act, 25 USC 13)

The BIA's law enforcement program operates in 18 states where it provides enforcement, judicial and detention services to Indian communities with a total population of over 375,000. The total Indian

criminal justice system was the subject of an extensive study recently completed which recommends a phased upgrading of the operating elements of the criminal justice system to a point where Indian communities can expect to receive exemplary service. As a result of the study, the fiscal year 1976 President's budget was amended to provide significantly increased resources as the first increment in an implementation program of improvements in enforcement of judicial and detention operations as well as associated support services such as training and inspection/evaluation. The Bureau proposes that funding be continued at approximately the fiscal year 1976 level in order to establish a firm operating base which will provide experience to both the Bureau and the Tribes from which further improvements can be planned.

Housing—(Snyder Act, 25 USC 13)

The long-range goal of the BIA's housing program is to eliminate substandard housing on Indian reservations. To accomplish this will require construction of 51,000 new homes and repair of 26,600 existing houses. The Bureau proposes for fiscal year 1977 to provide 400 new homes through the housing improvement program (HIP), and 2500 renovations and/or enlargements. The Bureau must also provide staff and technical assistance to approximately 134 local Indian housing authorities to which the Department of Housing and Urban Development has committed over 12,500 units. This assistance will enable tribes to acquire and manage HUD sponsored housing. The Housing and Community Development Act of 1974 contains the first statutory set aside (in terms of units) for housing construction financed by the Department of HUD. It requires the direct support of the Bureau Housing Development program which provides technical and administrative assistance to Indian Housing authorities in developing housing project applications and proposals for financial assistance under the Federal housing programs as well as technical contruction management and inspection. In addition, the Bureau is responsible for the coordination of various other agency inputs (roads, water and sewer) necessary to complete construction.

Tribal resources development—(Business Enterprise, Credit, Direct Employment, Roads Maintenance Indian Action Program)

Fiscal year 1977 President's budget estimate—$54,590,000.
Fiscal year 1976 estimate—$52,552,000.

Business enterprise—(Indian Financing Act, 25 U.S.C. 1521)

The objective of this program is to assist Indians to increase their levels of employment and income in their home communities by the establishment and or expansion of business enterprises on or near reservations with emphasis on Indian ownership, entrepreneurship and management. The fiscal year 1977 funding requested for this activity includes $8.5 million for business grants authorized under the Indian Financing Act of 1974. Fiscal year 1977 is the third and last year that appropriations for this purpose are authorized under this Act. The BIA states that the 1977 agenda for this program includes (1) working with tribes in the preparation of inventories of their local business resources; (2) developing and disseminating information about the advantages of locating in Indian areas; (3) cooperating with the American Indian Travel Commission in its effort to develop Indian tourism resources (4) assisting Indian tribes to find various sources of financing to fund business ventures; (5) assisting Indian tribes in their efforts to establish Indian-owned and operated financial institutions including a banking system; (6) market analyses, feasibility determination, development, plans, and business evaluations; and (7) working with SBA, GSA, and private industry to obtain private and government contracts for Indian products and services.

Credit—(Revolving Fund, 25 U.S.C. 482)

The BIA's Credit and Financial Assistance Program was established to assist Federally-recognized Indian tribes and other organizations and individual Indians to obtain financing needed to develop and utilize their own resources to improve economic conditions on Indian reservations. The 1977 program will include technical services to assist in evaluating proposed investment ventures, work with banks and other financial institutions to develop loan programs for Indians, assistance to Indians in obtaining credit from other Federal Agencies and private sources, and administration of the Indian Revolving Loan Fund.

The Bureau provided selected data which follows:

	Unit of measure	Fiscal year— 1975, actual (tentative)	1976, estimate	1977, estimate
BIA supervised direct loans—new	Number	5,761	9,036	12,161
Do	Million of dollars.	18.1	38.1	48.5
BIA supervised direct loans—outstanding (EOY)	Number	11,554	13,003	15,236
Do	Million of dollars.	85.6	105.6	116.7
BIA assisted commercial loans—new	Number	4,991	23,500	23,500
Do	Million of dollars.	18.3	22.3	22.3
Assisted other Federal loans—new	Number	1,052	1,750	1,750
Do	Million of dollars.	25.2	35.7	35.7

Direct employment—(Vocational Training, 25 USC 1521)

Unemployment and underemployment problems among Indians necessitate training programs in employable skills, assistance to Indians who possess such skills in finding suitable employment (both on the reservation and in urban areas), and helping Indian individuals in establishing themselves where the jobs are. The Direct Employment Program seeks to accomplish these tasks by Providing placement services, on-the-job training on or near Indian reservations, and formalized vocational training.

Road maintenance—(Indian Reservation Roads, 25 USC 318a)

Road maintenance services are required on more than 24,642 miles of Indian roads on 179 reservations. Maintenance priorities are established locally in terms of levels of service and available funding. Generally the higher levels of service are scheduled for those routes with the highest sustained traffic volume and school bus routes. Paved roads normally receive high priority for maintenance services.

Indian action program—(Vocational Training, 25 USC 309)

The Indian Action Team program is designed to complement new Administration policies on Indian contracting, on-the-job training, individual and tribal work experience, adult vocational training, tribal management training and development, and tribal business and enterprise development. Goals of the program are to develop employment opportunities, a productive work force, and the stimulation of Indian self-determination. In the latter regard, there have been increasing requests from tribes to contract directly for operation and management of Indian Manpower and Tribal Enterprise Development Programs, enabling Indians to construct, operate, maintain, and manage their own facilities. In fiscal year 1977 the Bureau estimates that the program will fund approximately 55 contracts with about 1800 Indian participants involving over 200 tribes.

Trust responsibilities—(Indian Rights Protection, Real Estate and Financial Trust Services)

President's fiscal year 1977 estimate—$24,010,000.
Fiscal year 1976 estimate—$22,394,000.

Indian rights protection—(Snyder Act, 25 USC 13 and NEPA Act of 1969)

The Bureau states that the Rights Protection program area includes the function of directing every aspect of the Interior Department's effort to assert and protect the rights of Indians in their trust property: (1) to identify all Indian water rights problems on every Federally-recognized land base (277 reservations); (2) develop technical information and comprehensive lists of potential land and water uses for Indian reservations and communities needed to develop economically, including nature of and location of such use; (3) coordinate initiating action, both initial or corrective, needed to establish or defend Indian water rights, and other rights of Indians in their natural resources; (4) coordinate the preparation of water adjudication suits for submission through the Interior Department Solicitor to the Department of Justice; (5) coordinate, guide and supervise the Department's agencies, Bureau field staffs, and tribes, and advise and inform tribal attorneys, in all Indian rights efforts; and (6) carry out all above activities with continuing consultation with the affected Indian tribes.

In fiscal year 1976 between fifty and sixty rights issues were resolved, and in fiscal year 1977, the Bureau plans to undertake resolution of an estimated 60 unresolved Indian rights issues. The Bureau defines an "issue" as "any point in question or matter that is in dispute that pertains to the Bureau's trust or legal responsibility relative to all matters involving Indian rights, including those arising out of tribal sovereignty."

Real estate and financial trust services—(Snyder Act, 25 USC 13 and 151)

The Real Estate Services program is designed to provide counseling, management, and appraisal services pursuant to the special trust relationship which exists between the United States and Indian individuals or tribes owning interests in trust lands or resources. Two basic responsibilities are carried out: (1) provision of planning, consultation, evaluation and management services to Indians and tribal organizations involved in the decisionmaking process affecting the utilization, development, and protection of their trust lands; (2) provision of those technical services, facilities, reviews, and recommendations necessary in the above-mentioned process, in compliance with existing statutes.

General management and facilities operation—(Management and Administration, Program Support Services, Facilities Management)

President's fiscal year 1977 estimate—$76,174,000.
Fiscal year 1976 estimate—$73,746,000.

Management and administration—(Snyder Act, 25 USC 13)

This activity provides for general management functions including executive direction and other general management and administrative services such as policy formulation, development of systems and procedures, program planning and analysis, budget, audit, contract supervision and monitoring involved in many orientation activities which are undertaken to explain and implement new policies and procedures. Emphasis is being placed on Indian self-determination, leading to more tribal participation in the entire program planning and development process. This involvement includes a voice in the development of

agency budgets, workshops and meetings, and the periodic feedback of information.

Program support services—(Safety Program, 5 USC 7902; Employment Compensation, Public Law 86–767).

The Safety Management Program assists tribal councils, Indian owned enterprises and all Bureau facilities to meet safety standards. Emphasis will be placed on safety inspections and safety training under requirements of the Construction Safety Act and OSHA. The BIA also contracts with the National American Indian Safety Council, Inc., to provide safety training. This Council provides reservation and industrial inspections, safety training and also survey needs relative to safety and accident prevention programming.

Facilities management—(Snyder Act, 25 USC 13)

The repair and maintenance of buildings and utilities is a continuing program. The Bureau operates and maintains 8736 buildings at 400 separate locations, included among which are 77 boarding schools, 19 dormitories and 117 day schools.

Construction—(Irrigation Systems, Buildings and Utilities)

Irrigation systems—(Snyder Act, 25 USC 13)

President's fiscal year 1977 estimate—$29,600,000.

Fiscal year 1976 estimate—$31,650,000.

The fiscal year 1977 budget estimate for this category will provide a program for the Navajo Indian Irrigation Project being constructed by the Bureau of Reclamation and also for a program for the BIA for the improvement, rehabilitation, betterment, and extension of Indian irrigation projects and related power systems.

Buildings and utilities

President's fiscal year 1977 estimate—$16,663,000.

Fiscal year 1976 estimate—$47,522,000.

This program provides construction funds for construction of a water line for the Navajo Indian Irrigation Administration Building; rehabilitation center at Pine Ridge; water exploration and development; technical assistance; purchase of equipment for projects previously funded for construction; and replacement of educational facilities for Bureau schools.

Indian reservation roads—(25 USC 318a)

President's fiscal year 1977 estimate—$27,205.

Fiscal year 1976 estimate—0.

The Bureau is responsible for maintaining 24,642 miles of roads on 179 reservations. An adequate road system, well maintained is vital to Indian education, health, and economic development. Indian reservation roads are authorized by the Federal Aid Highway Act. When no other appropriations is available under this Act, this program, the Indian Reservation Roads, is available. The appropriation authorizes material, equipment, supervision, and engineering, and the employment of Indian labor in the survey, improvement. construction, and maintenance of Indian reservation roads.

Miscellaneous appropriations—(Claims and Treaty Obligations, Operation and Maintenance of Indian Irrigation Systems, Power Systems, Irrigation Projects)

Act of Feb. 19, 1831; Act of Nov. 11, 1794; Treaty of Sept. 24, 1857 Act of March 2, 1889; Maintenance Charges, 25 USC 385; Revenue from Power, 60 Stat. 895 and 65 Stat. 254.

President's fiscal year 1977 estimate—$12,666,000.

Fiscal year 1976 estimate—$12,666,000.

Claims and treaty obligations

Payments under this entry are made to fulfill treaty obligations with the Senecas of New York (Act of Feb. 19, 1831), the Six Nations of New York (Act of Nov. 11, 1974), and the Pawnees of Oklahoma (Treaty of Sept. 24, 1857), and to benefit claims to the Sioux Indians (Acts of March 2, 1889, June 10, 1896, and June 21, 1906).

Operation and maintenance, Indian irrigation systems

Revenues derived from charges for operation and maintenance of Indian irrigation projects are used to defray in part the cost of operating and maintaining these projects (60 Stat. 895).

Power systems, Indian irrigation projects

Revenues collected from the sale of electric power by the Colorado River, Flathead, and San Carlos power systems are used to operate and maintain these systems (60 Stat. 895; 65 Stat. 254).

Revolving fund for loans—(Revolving Fund, 25 USC 482) (Indian Financing Act of 1974, Public Law 93–262)

The Indian Revolving Loan Fund was established by the Indian Financing Act of 1974, (Public Law 93–262). Authorizations for three separate loan funds were combined into the one fund.

Additional appropriations of $50 million to the fund were authorized, bringing to $77 million the total authorization. The fund is used to provide a source of credit for Indians who cannot borrow from other Government sources or from ordinary commercial lenders because of their low economic status, isolated geographic location, or lack of bankable security. Direct loans are made from the fund to Indian tribes and other organizations for economic development purposes on or near the reservation and for relending to tribal members through tribal relending programs.

No funds are requested in fiscal year 1977. Of the $50 million authorized by the Indian Financing Act, $9 million remains unfunded. The Bureau anticipates that cash balances of $6.1 million will be available for loans at the start of fiscal year 1977. Anticipated collections during the year amount to $8.2 million. The $14.3 million available will fund the projected fiscal year 1977 direct loan program.

President's budget estimate for fiscal year 1977—0.

Fiscal year 1976 estimate—$3,000,000.

Indian loan guaranty and insurance fund—(Indian Financing Act of 1974, Public Law 93–262)

The Loan Guarantee and Insurance Fund was established by the Indian Financing Act of 1974 (Public Law 93–262). The Act authorized the appropriation of $20 million for each of the three fiscal years 1975, 1976, and 1977 for operation of the fund, to pay interest subsidies and for administrative expenses under the Act. The Loan Guaranty and Insurance Fund will provide additional incentives to private lenders to loan more money for Indian economic projects. It is estimated that approximately $52 million in loans will be generated through the Loan Guaranty and Insurance fund for fiscal year 1977.

President's budget estimate for fiscal year 1977—$20,000,000.

Fiscal year 1976 estimate—$10,000,000.

Liquidation of Hoonah housing—(Transfer from Housing and Home Finance Agency) (Aug. 8, 1958, Public Law 85–806)

Outlay.—(1976 estimate)—$13,000,000 to implement Public Law 85-806.

1977 estimate—$13,000,000.

This fund was transferred from the Housing and Home Finance Agency to the Secretary of the Interior under the provisions of Public

Law 85–806. The Secretary will use the funds transferred from the Housing and Home Finance Agency, along with any other revenues that may be received from the Hoonah housing project, for the purpose of meeting unpaid mortgage payments accrued by said project in accordance with the provisions of the law.

Trust funds—(Tribal Funds, 25 U.S.C. 123, 155, and 451)

President's fiscal year 1977 estimate—$267,089,000.

Fiscal year 1976 estimate—$261,358,000.

Tribal funds are deposited into the U.S. Treasury pursuant to various acts of Congress, to be made available for expenditure for the use and benefit of the respective tribal groups. Approximately 300 Indian tribes, bands or identifiable groups have some 700 accounts which are maintained separately by the BIA in a consolidated account in the U.S. Treasury. These are used to conduct tribal financial programs, enterprises, businesses, per capita payments and other tribal affairs. Approximately fifty percent of tribal income is derived from judgements or awards made pursuant to either general or specific acts of Congress. The remainder of the funds is derived from Federal management of tribal real properties, the title to which is held in trust by the United States for the tribes. Tribal funds are available for various purposes, under various acts of Congress and are subject to the provisions of tribal constitutions, bylaws, charters and resolutions of the various tribes, bands, and groups. The Act of Oct. 19, 1973 (87 Stat. 466) provides general authority for the distribution of funds appropriated in satisfaction of judgements of the Indian Claims Commission and the Court of Claims, subject to certain conditions, including the development of a plan for the use of the funds. Funds derived from the management of tribal trust properties are available for tribal use in accordance with approved budgets under permanent, annual or indefinite authorizations.

Navajo-Hopi settlement program—(88 Stat. 1712, Public Law 93–531)

President's fiscal year 1977 estimate—$2,040,000.

Fiscal year 1976 estimate—$2,115,000.

It is proposed to fund the second increment of the Navajo-Hopi settlement programs in fiscal year 1977. The first increment is contained in the fiscal year 1976 budget in the amount of $2,115,000. The $2,040,000 proposed for fiscal year 1977 when added to the fiscal year 1976 appropriation will provide $2.3 million for livestock reduction and $1.8 for restoration and fencing over the two-year period.

Public Law 93–531, enacted December 22, 1974, provides for final settlement of the conflicting rights and interests of the Hopi and Navajo Tribes to and in lands lying within the joint-use area of the reservation established by the Executive Order of December 16, 1882, and lands lying within the reservation created by the Act of June 14, 1934. Sections of the Act direct the Secretary of the Interior to implement stock reduction, boundary surveys, to institute such conservation practices and methods within the area as to the maximum extent feasible, and to pay any and all appropriate legal fees, court costs, and other related expenses brought by the Navajo or Hopi Tribes to determine their rights and interests in the Moencopi area. Funds have been authorized for these purposes to remain available until expended. Early relocation of households now being proposed by the Relocation Commission will also require that the above funding be available. Voluntary relocation could not be accomplished until the household has received reimbursement for their livestock.

Navajo and Hopi Relocation Commission activities—(Public Law 93–531; 88 Stat. 1712; Sec. 12–15)

President's budget estimate fiscal year 1977—$500,000.

Fiscal year 1976 estimate—$12,700,000.

Function 750: Law Enforcement and Justice

Subfunction: 752 Federal Judicial Activities

Hearing and adjudication of Indian claims by tribes, groups, or other identifiable bands—(Act of Aug. 13, 1946, as amended; 60 Stat. 1049; 25 U.S.C. 70)

President's fiscal year 1977 estimate—$1,530,000.

Fiscal year 1976 estimate—$1,411,000.

The Indian Claims Commission was established to provide a forum from the hearing and adjucation of all claims by Indian tribes against the United States that arose prior to 1946. The claims were required to be filed within five years or be forever barred, and the Commission was given until 1957 to complete its work.

Owing to the extremely large number of claims filed and the complexity of such claims, however, Congress was had to extend the life of the Commission four times. The Act of July 24, 1956 (70 Stat. 624) extended the Commission until 1962; The Act of June 16, 1961 (75 Stat. 92) extended it until 1967; the Act of April 10, 1967 (81 Stat. 11), extended it until April 10, 1972 and expanded its membership from three to five commissioners; and the Act of March 30, 1972 (86 Stat. 115) provided for yet another extension—until April 10, 1977. The 1972 Act provided that upon its expiration date, the records and files of the Commission in all pending cases (should there be any) are to be transferred to the U.S. Court of Claims, in which authority to adjudicate all cases under the provisions of Sec. 2 of the original Indian Claims Commission Act of 1946 shall be vested. At present a total of 615 claims have been docketed. As of Dec. 31, 1975, 447 dockets had been finally disposed of, and 168 dockets were pending.

Subfunction 751: Federal Law Enforcement and Prosecution

Indian claims—(Act of Aug. 13 , 1946, as amended; 60 Stat. 1049; 25 U.S.C. 70n, Sec. 15) (Department of Justice, Division of Land and Natural Resources)

President's fiscal year 1977 estimate—$1,236,000.

Fiscal year 1976 estimate—$1,229,000.

This item is authorized by Sec. 15 of the Indian Claims Commission Act of 1946 (60 Stat. 1053) expenses incurred in the representation of the United States in claims heard before the Indian Claims Commission.

Alaska Native Claims Settlement Act—(Public Law 92–203)

President's budget for fiscal year 1977 estimate—$32,200,000.

Fiscal year 1976 estimate—$82,200,000.

The Alaska Native Claims Settlement Act of 1971 (Public Law 92–203) provided for conveyance of both property title and monetary award to Alaska natives in settlement of their aboriginal land claims. The Act conveyed title to approximately 40 million acres to the Natives and a cash settlement totaling approximately one billion dollars. The land and monetary reserves are controlled by a complex arrangement of Native Corporations established by the Act. Sec. 6 of this Act established the Alaska Native fund into which $462,500,000 was deposited from the general fund of the U.S. Treasury, and authorized to be appropriated as follows: $12,500,000 during the fiscal year in which the Act became effective (1972); $50,000,000 during the second fiscal year; $70,000,000 during each of the third, fourth and fifth fiscal years; $40,000,000 during the sixth fiscal year; and $30,000,000 during each of the next five fiscal years.

Land-use planning activities—(Alaska Native Claims Settlement Act (Public Law 92–203) (85 Stat. 688) (Sec. 17 (a) (9) (A))

President's fiscal year 1977 estimate—$120,000.

Fiscal year 1976 estimate—$1,475,000.

The Joint Federal State Land Use Planning Commission for Alaska was established in accordance with Sec. 17 of the Alaska Native Claims Settlement Act and by Act of the State of Alaska. The Commission commenced its activities in June 1972. The work program approved by the full Commission emphasizes policy studies and issue analyses directed toward both short-term problems requiring immediate solution and anticipated long-term conflicts necessitating institutional arrangements to handle such conflicts.

Recreational Resources (303)

Management and protection of mammals and nonmigratory birds—(Public Law 92–203; 85 Stat 688; Alaska Native Claims Settlement Act; 43 USC 1601–1624) (Sec. 2(c), 14(h), 17(a), 6(b), 17 (c)(1) (2), 22 (e) (f) (g)

President's fiscal year 1977 estimate—$702,000.

Fiscal year 1976 estimate—$58,000.

Interpretation of wildlife resources and wildlife oriented recreation—(Public Law 92–203; 85 Stat 688; Alaska Native Claims Settlement Act; 43 USC 1601–1624) Sec. 2(c), 14(h), 17(a), 16(b), 17 (c)(1) (2), 22 (e) (f) (g)

President's fiscal year 1977 estimate—$26,000.

Fiscal year 1976 estimate—$25,000.

Management and protection of migratory birds—(Public Law 92–203; 85 Stat 688; Alaska Native Claims Settlement Act; 43 USC 1601–1624) Sec. 2(c), 14(h), 17(a), 6(b), 17(c) (1) (2), 22 (e) (f) (g)

President's fiscal year 1977 estimate—$287,000.

Fiscal year 1976 estimate—$422,000.

Health Care Services (551)

Indian health services, patient care (research, maintenance and repair, patient care and escort travel for patients)—(58 Stat. 682; Public Health Services Act of 1912 as amended; 42 USC 201 et seq.) Title III Sec. 301

President's fiscal year 1977 estimate—$10,704,000.

Fiscal year 1976 estimate—$10,037,000.

Indian health services (space rental, books, printing, uniforms for patient care)—Title V. Sec. 509

President's fiscal year 1977 estimate—$1,833,000.

Fiscal year 1976 estimate—$1,697,000.

Indian health services—(Snyder Act of 1921, amended by Public Law 83–586. 68 Stat. 658; the Indian Transfer Act of 1954, as amended; 42 USC 2001. Sec. 1)

President's fiscal year 1977 estimate—$302,057,000.

Fiscal year 1976 estimate—$268,565,000.

The Indian Health Service is the primary Federal health resource for more than 500,000 Indians and Alaskan Natives. The goal of the Indian Health Service is to raise the health status of Indians and Alaska Natives to the highest possible level. To do so, the IHS provides direct health services to Indians, Eskimos and Aleuts in 51 hospitals, 99 health centers (including 27 school health centers) and several hundred other health stations. This program includes a preventive health component consisting of sanitation and dental care, public health nursing, health education and field medical programs, such as mental health, eye care, public health nutrition, and social services. In addition, the Indian Self-Determination and Education

Assistance Act of 1975 (Public Law 93–638) has provided the Indian people with the opportunity to assume control of their own programs through new contract and grant authority for administration of functions and services performed by the Indian Health Service.

Health Planning and Construction (554)

Indian hospitals—(Construction—Snyder Act of 1921, as amended by Public Law 83–568: 68 Stat. 658; the Indian Transfer Act of 1954, as amended; 42 USC 2001, Sec. 1)
President's fiscal year 1977 estimate—$7,900,000.
Fiscal year 1976 estimate—$12,940,000.

Outpatient care facilities—(Construction)—(see above—also sec. 1)
President's fiscal year 1977 estimate—$0.
Fiscal year 1976 estimate—$1,000,000.

Personnel quarters—(Construction)—see above—also sec. 1)
President's fiscal year 1977 estimate—$0.
Fiscal year 1976 estimate—$1,872,000.

Sanitary facilities—(see above and Sec. 4 (as amended by Public Law 86–121, the Sanitary Facilities Construction Act)
President's fiscal year 1977 estimate—$38,445,000.
Fiscal year 1976 estimate—$38,554,000.

Health planning and construction

Of the existing 51 Indian Health Service hospital facilities, 28 were constructed between 1912 and 1939, 6 between 1940 and 1954 and 17 between 1955 and 1976. Continued Presidential and Congressional interest has substantially contributed to the alleviation of facility inadequacy. At the present time, for example, replacement facilities at Philadelphia, Miss., Owyhee, Nevada, and Zuni, N.M., are either complete or nearing completion. A replacement hospital at Claremore, Okla., is under construction and should be admitting patients in the early spring of 1977. These are but a few examples cited by the Indian Health Service as part of its ongoing program of health planning and construction. In addition, the Service notes that water scarcity and lack of adequate facilities for disposal of human and household wastes is a major deterrent to good health for Indians and Alaska Natives. Thus a combined Federal-tribal effort is being exerted to overcome this deficiency to the highest degree possible. The Service estimates that through fiscal year 1976 approximately 95,000 Indian and Alaska Native homes will have been included in projects to provide new or improved sanitation facilities. Included in this number are 47,000 new or improved homes which were or are being built under Federal or tribal housing programs.

TABLE 1.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In thousands of dollars]

Major issue or program	President's request		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Indian Claims Commission	1,530	1,530	1,650 (+120)	1,650 (+120)	Continuation of Indian Claims Commission: The committee estimates provide for an additional $120,000 which is the estimated mandatory cost-of-living increase for agency staff members.

TABLE 2.—LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In millions of dollars]

Legislative initiative	Budget authority	Outlays	Comment
(H.R. 2525) Indian Health Care Improvement Act.	216	216	The Senate has passed an Indian health bill providing $232,000,000 in budget authority and outlays. The House bill ordered reported provides $193,000,000 in budget authority and outlays. Although the final authorization level is not known at this time, it will most likely not exceed the Senate version. The subcommittee estimates that final budget authority and outlays will be $216,000,000.

TABLE 3.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In thousands of dollars]

Major issue or program	President's request		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Function 450, community and regional development; subfunction 452, area and regional development: Law enforcement (25 U.S.C. 13).	24, 320		(+2, 433)	(+2, 433)	The subcommittee estimates that the overall inflation rate affecting the 1977 BIA budget may be as high as 10 percent. The BIA is recommending a net decrease in the fiscal year 1977 funding from fiscal year 1976 funding of $13,000. In its justification, the BIA states that the amount requested is the "minimum adequate level" to "contain" crime on Indian reservations. Crime ought not be contained as a goal, but eliminated. In view of budget restraints, however, the subcommittee is recommending an increase of $2,433,000 to provide program level, after inflation adjustment, at the fiscal year 1976 level.
Business enterprise (25 U.S.C. 1521).	12, 119		(+1, 500)	(+1, 500)	The request for $12,119,000 for the business enterprise development item in the BIA budget is a net decrease of $467,000 from fiscal year 1976. $8,500,000 of the requested amount is appropriated under authority of sec. 401 of the Indian Financing Act of 1974. Sec. 403 of that act authorized the appropriation of $10,000,000 for fiscal years 1975, 1976, and 1977. This program has been extremely effective in establishing Indian-owned businesses and in creating jobs for Indian people. The subcommittee feels that this program ought to be funded at the maximum amount in its last year of authorization. It, therefore, recommends increaseing the overall request by $1,500,000.
Road maintenance (Indian reservation roads; 25 U.S.C. 318a).	10, 756		(+1, 500)	(+1, 000)	The BIA states in the fiscal year 1977 budget justification that it expends approximately 40 percent of what States and counties expend on road maintenance. This amounts to $368 per mile. The Bureau is responsible for maintaining 24,642 miles of roads on 179 Indian reservations. An adequate road system, well maintained, is vital to Indian education, health, and economic development. The proposed addition to the road maintenance item would permit the BIA to expend $497 per mile or 54 percent of the amount spent by States and counties. Even at this increased rate, the road system will continue to deteriorate inordinately, requiring costly, premature replacement.

TABLE 2.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977—Continued

[In thousands of dollars]

Major issue or program	President's request		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Indian rights protection (25 U.S.C. 13).	6,636		(+1,152)	(+1,152)	The decision of the 9th Circuit Court of Appeals affirming the decision of the Federal District Court in the case of U.S. v. Washington (certiorari denied by the Supreme Court) upholding the right of Indian tribes to exercise treaty fishing rights at off-reservation sites free of State regulation continues to create turmoil and confusion for both Indians and non-Indians in the Northwest. In carrying out its trust responsibility in aiding the tribes in meeting the requirements of that decision, the department is requesting $1,000,000, a net decrease of $1,152,000 from the fiscal year 1976 funding level. The problems associated with this decision have increased over the last year. Therefore, the subcommittee is recommending that the funding level be maintained at the fiscal year 1976 funding level by adding $1,152,000 to the fiscal year 1977 budget.
Road construction (25 U.S.C. 318a).	27,205		(+10,000)	(+6,600)	The BIA is requesting $74,000,000 for road construction on Indian reservation for fiscal year 1977. $46,795,000 of this is under authority of the Federal-Aid Highway Act Amendments of 1974 which includes authority for Indian highways. However, this authority has lapsed and is within the jurisdiction of the Public Works Committee, in any event. However, $27,205,000 of the amount is authorized and appropriated under authority of 25 U.S.C. 318a, which is clearly within the jurisdiction of the Interior Committee. In view of the extreme need for Indian roads and the heavy backlog of demands for construction the subcommittee is recommending an increase in the sec. 318a appropriation of $10,000,000.
School construction, Federal schools, 25 U.S.C. 13.	6,620		(+6,000)	(+6,000)	While the Interior Committee no longer has legislative jurisdiction over Indian education programs the BIA construction activity, remains under this committee. Out of $16,663,000 requested by the BIA for building and utilities construction, only $6,620,000 is allocated to BIA school facilities, The backlog of needed BIA school construction is estimated at about $170,000,000. In light of the totally inadequate BIA request for this need (which it admits only meets emergency situations) and in light of budgetary constraints, the committee is recommending the increase of $6,000,000. It is expected that, if these additional funds are appropriated, they would not be used in violation of the BIA policy of phasing out, to the extent practical, its on- and off-reservation boarding school operations.

TABLE 2.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977—Continued

[In thousands of dollars]

Major issue or program	President's request		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Aid to public school construction, sec. 204, act of Jan. 4, 1975 (88 Stat. 2214; Public Law 93-638).	0	0	+17,000	+17,000	The legislation enacted into law as P.L. 93-638 was within the jurisdiction of and considered by the Interior Committee during the 93d Cong. Thereafter, legislature jurisdiction over Indian education was transferred to the Education and Labor Committee. While Indian education is no longer within our legislative jurisdiction, under our special oversight jurisdiction over all Indian programs, we are recommending appropriations of $17,000,000 for this purpose. Public Law 638 authorizes appropriations of $35,000,000 for fiscal year 1977. The administration is not only not asking for funds for fiscal year 1977, but it is requesting a deferral of funds added by Congress for this program in fiscal 1975 and 1976. The need for school construction for public schools enrolling Indian children whose parents live and/or work on nontaxable Indian lands is severe. Many such facilities are condemned by local governments. Yet, they must be used if Indian children are to receive an education. As a consequence, the committee is recommending that $17,000,000 or approximately ½ of the authorized amount be appropriated for this vital construction need. It is expected that these funds, if appropriated, would be expended according to funding priorities established pursuant to sec. 204 of Public Law 93-638.
Alaska Native Claims Settlement Act, 43 U.S.C. 1616, Sec. 17(a)(9)(A). Land Use planning activities (Joint Federal-State land and planning activities).	60	110	$674 (+610)	$674 (+564)	The Alaska Native Claims Settlement Act Amendments of 1976, Public Law 94-204 extended the life of the Joint Federal-State Land Use Planning Commission for Alaska. This is a joint Federal State Commission and was extended by this act.

Note: Rescissions and deferrals: The Subcommittee objected to the rescission of budget authority proposed by the President for the Indian Health Service. The proposed rescission request was $5,294,000, and by letter dated Jan. 29, 1976, the subcommittee informed Chairman Sidney Yates of the Interior and Related Appropriations Subcommittee of our objection to these rescissions.

Recommendations of the Subcommittee on Public Lands

OVERVIEW

The Subcommittee on Public Lands is in general agreement with the overall level ($390,159,000) of funding provided in the President's budget for the Bureau of Land Management for Fiscal Year 1977 although it disagrees with some of the work program priorities the Bureau has apparently established. Substantial increases are needed and warranted in many BLM programs. However, in view of the necessity for government to exercise greater fiscal restraint more than ever, the Subcommittee believes that more efficient and effective use of existing funds must be made as a realistic alternative to increased spending.

To accomplish this task the Subcommittee will continue to increase its review of all BLM programs and encourages the Bureau to seek better ways of carrying out the laws and programs it is charged with administering.

As the managing agent of the Federal Government for the Nation's public lands and their resources, the BLM is responsible for collecting revenues estimated for F.Y. 1977 from the lease or sale of the following: Outer Continental Shelf minerals ($6,000,000,000), upland minerals (coal, phosphate, sodium, potash, etc.) ($428,000,000), timber ($143,000,000), lands and materials ($23,000,000), rights of way ($1,000,000), collection of fees and commissions ($21,000,000), and grazing fees ($20,000,000). The estimated total revenues, some of which accrue from activities shared by BLM with the Geological Survey and the Forest Service, are estimated at $6.6 billion for fiscal year 1977—$3 billion more than the fiscal year 1976 level.

The BLM's budget is divided into these major categories which the Subcommittee will discuss in succeeding paragraphs.

A. Management of Lands and Resources ($208,740,000).
B. Construction and Maintenance ($9,884,000).
C. Public Lands Development Roads and Trails ($5,000,000).
D. Oregon and California Grant Lands ($30,000,000).
E. Range Improvements ($7,235,000).
F. Recreation Development and Operation of Recreation Facilities ($300,000).
G. Permanent Appropriations (leasing of grazing lands, O&C Grant lands, Payments to states, Royalty payments to Oklahoma, Coos Bay Wagon Road Grant lands) ($128,300,000).
H. Trust Funds ($700,000).

A. Management of Lands and Resources ($208,740,000)

1. Energy and Minerals Management ($83,634,000)

a. *Energy Management, Onshore.*—This program consists of four elements—coal leasing ($6,416,000); oil and gas leasing ($7,099,000); geothermal leasing ($2,174,000); and oil shale leasing ($1,440,000).

Although the Subcommittee believes that oil shale may offer some assistance in meeting the nation's energy demands in the future, it identifies this item in the budget as one which could receive less priority to free funds for other more immediate needs. Private interest in oil shale development has lessened recently due to environmental and financial problems.

Also, the Subcommittee is perplexed and alarmed over the fact that in spite of there being a general moratorium on coal leasing since 1972, the funding for coal leasing has remained at approximately $6.5 million annually. As we understand it, this money was used primarily for planning associated with the few short term leases which were issued during the moratorium, EMARS, development and management framework plans, and environmental impact statements (EIS). Aside from the EIS requirements of the National Environmental Policy Act (NEPA) and acknowledging the importance of planning and resource inventories to good land management, as a general proposition the Subcommittee contends that BLM has overemphasized "planning" and identifies this phase of BLM's operation as one whose funds could be cut to support increased funding in other areas. The fact that in the absence of coal leasing operations, that program continued to be funded at basically constant levels lends credence to the Subcommittee view that planning has been used to fill temporary or permanent gaps in workload requirements. The processing of 11,400 pending oil and gas lease applications has also received much less attention than could be expected considering the energy shortage this nation is confronting.

68-249 O - 76 - 19

The Subcommittee feels that an over emphasis on nebulous "planning" is common to many phases of BLM activities and that as a consequence other programs have suffered.

b. *Energy Management, Offshore* (*$60,379,000*).—This program entails management of the leasing program for the outer continental shelf. At this time this activity appears to be adequately funded.

c. *Non-energy Minerals Management.*—There are three elements to this program: patent processing ($1,444,000); mineral leasing ($1,877,000); and material sales ($1,886,000).

Mineral patent processing is part of a long-standing government policy reflected by law that the government will either approve or disapprove patent applications in a timely manner. The authority of the Secretary of the Interior in this instance is non-discretionary. The Subcommittee is very disturbed by the low priority given to eliminating the large backlog (375) of patent applications awaiting processing, some of which are up to ten years old. In addition, 225 mineral survey requests currently exist which will ultimately materialize into patent applications. These delays are grossly unfair to citizens, frustrate the intent of Congress, and run counter to the government policy of increasing our nation's development of domestic mineral resources.

2. *Land and Realty Management* (*$36,131,000*)

There are two elements in this activity: the continuing element of the Lands and Realty operations such as the maintenance of public land status records and the processing of land applications ($27,798,000) and a temporary element of supervising the Trans-Alaska Pipeline installation ($7,847,000). The budget proposal would increase funding for lands and realty and decrease funds for the pipeline.

The land and realty program maintains land records—the backbone of land management and handles case work involving the myriad of public land law activities. The budget proposes an increase of $2,850,000 in this activity. In the Subcommittee's view there should be a much higher priority given to the processing of 20,732 pending land cases with particular emphasis on the necessity and propriety of processing more expeditiously the 7,300 Alaskan native claims cases, the 3,100 rights of way cases, and the 1,800 state grant cases. Previous comments regarding "planning" are particularly pertinent to this activity.

3. *Surface Resource Use and Protection* (*$56,379,000*)

This activity encompasses the following programs:

Forest management of the public domain ($3,831,000) and western Oregon ($2,192,000);

Water, forage, and habitat management: Soil and Water Resources management ($9,976,000), Range management ($20,772,000), and Wildlife Habitat management ($4,660,000);

Recreation Management: Recreation Use management ($5,181,000) and Cultural Resource Management ($939,000); and

Fire Protection ($8,422,000).

The Subcommittee supports the principle that BLM insure that present recreation facilities be adequately maintained before large sums are committed to new recreation facilities.

To the extent possible, revenues from grazing fees should be utilized for range improvements excluding funding of salaries and overhead. As ranges improve there will be a direct and beneficial effect on recreation, wildlife habitat management, as well as livestock grazing.

As to the increased use of off-road vehicles on BLM lands as a form of recreation, the Subcommittee believes that such activities should not be eliminated but must be controlled so that adverse environmental impacts will be mitigated. Some of the problems associated with ORV's stem from BLM's lack of law enforcement authority, which

is addressed in the proposed Federal Land Policy and Management Act.

4. *Planning for Multiple Use Activity* (*$7,156,000*)

The Subcommittee agrees with the need for land use planning which the BLM conducts through developing and updating its management framework plans (MFP's). However, a clearer delineation between funds budgeted for specific programs and those which are to be used for land use planning is necessary. See prior comments regarding planning.

5. *Cadastral Survey* (*$15,892,000*)

This program is divided into two parts: surveys for Alaska ($8,658,000) and surveys for other states ($6,979,000). Completion of basic surveys in Alaska is a prerequisite to carrying out the Alaska Native Claims Settlement Act and transferring land to Alaska under the Statehood Act. The Subcommittee recognizes that this program has been neglected over the years but believes that, considering budget constraints, the present level of funding is adequate for fiscal year 1977.

6. *Firefighting and Rehabilitation* (*$4,750,000*)

This program consists of a firefighting element ($4,150,000) and the rehabilitation element ($600,000).

Firefighting funds are for presuppression and suppression of fires on or near public lands and other lands administered by agencies within the Department of the Interior. The full cost of this program cannot be accurately determined until the end of the fiscal year at which time a supplemental request is made to cover the cost of firefighting which took place during the prior year. This figure runs approximately $20,000,000 annually.

The second element of this program is rehabilitation of lands where damages incurred which were unusually severe or fires which were unusually large. The objective is to stabilize conditions and regenerate vegetative cover as soon as possible after a fire.

7. *General Administration* (*$4,798,000*)

This program provides professional administrative support to all BLM programs including financial management, centralized personnel management, management analysis, procurement contracting and property management.

B. Construction and Maintenance ($9,884,000)

1. *Construction* (*$3,088,000*)

The budget proposes to increase building construction by $1,282,000 and decrease recreation construction by $1,165,000. Although it is regrettable that recreation construction had to be cut, the Subcommittee reiterates its support for providing adequate maintenance of existing facilities before BLM embarks on large spending programs or new recreation construction.

2. *Maintenance* (*$6,796,000*)

This element is directed toward upgrading existing BLM structures, some of which were constructed during the 1940's and are in locations subject to extreme variations in climatic conditions. Monies for such items as storm doors and windows, wiring, plumbing, and ventilation, are requested by BLM to meet city and state building codes and to comply with requirements of OSHA.

C. Public Lands Development Roads and Trails ($5,000,000)

Liquidation of contract authority: This program, which provides for construction of timber roads on public domain forests, recreation access roads and trails and roads in support of other programs, is authorized by the Committee on Public Works.

D. Oregon and California Grant Lands ($30,000,000)

Since 1952, counties of western Oregon have been eligible for 75 percent of the receipts from 2.5 million acres of forested lands in Oregon. The BLM administers 80 percent of the lands and the Forest Service 20 percent. The Bureau combines the lands it administers with the 75,000 acres in the Coos Bay Wagon Road Grant (which pays tax equivalence to the counties) and 250,000 public domain acres (which pay 4 percent to the counties) into one unit known as the Western Oregon Lands. The annual appropriations acts have provided that one-third of the 75 percent will be allocated to the management of these lands. The estimated revenue available at this level is $30,000,000

E. Range Improvements ($7,235,000)

This program includes improvements to public lands ($6,785,000) and Farm Tenant Act lands ($450,000). The Subcommittee feels that funds should be allocated to the BLM administrative unit nearest to the range under improvement, and be applied for actual range improvements instead of overhead and administrative costs.

F. Recreation Development and Operation of Recreation Facilities ($300,000)

This program for operation, maintenance, and improvement of recreation facilities on BLM lands receives funding support from concessionaires and user fees. BLM plans to use some of these funds to control use of off-road vehicles.

G. Permanent Appropriations ($128,300,000)

These eleven accounts are ones set by law which provide a percentage of revenues to States and counties. Payments vary from 4 percent to 90 percent of revenue with two accounts, the Oregon and California lands at 50 percent and the Mineral Leasing Act at 37½ percent (except Alaska which receives 90 percent) accounting for the bulk of the receipts.

H. Trust Funds ($700,000)

The three trust fund accounts represent payments by other agencies for work to be done and are not budget items in the traditional sense.

NEW INITIATIVE

Enactment of the Federal Land Policy and Management Act will require appropriations for the following new initiatives:

1. *Withdrawal review and oversight.*—The Secretary will be required to submit to Congress detailed reports on all new withdrawals involving 2,500 acres or more, and on all extensions of such withdrawals. The Secretary will also be required to study and report on about 235 million acres of withdrawals existing on the date of approval of the Act. He will have five years to complete that review. For these purposes $800,000 will be needed in fiscal year 1977, and $3.7 million will be required for the total program for an inventory and statistical report.

NOTE.—A complete study and report including field examinations and action on withdrawals will require an additional 5 years ($1.3 million would be the fiscal year 1977 cost and the total cost would be $12.8 million).

2. *Mining claim recordation.*—Mining claimants under the Act of 1872 will be required to record their claims with the Bureau of Land Management, with failure to record leading to loss of rights in the claims. In fiscal year 1977, the Secretary will need to design and put into effect a system and regulations for recording mining claims and to record an estimated 300,000 claims. For these purposes $500,000 will be needed in fiscal year 1977, and a total program cost is estimated at $2.5 million.

3. *Law enforcement.*—The Secretary will be required to maintain an adequate level of enforcement of laws and regulations relating to the public lands and will have the authority to enforce those laws and regulations. He will have to give first preference to State and local governments in the enforcement of laws and regulations to the extent they are willing and able to undertake such responsibilities. When they do, the Secretary will be responsible for furnishing necessary training. In fiscal year 1977, the Secretary will need funds to negotiate with State and local government law enforcement officials in an effort to secure mutually satisfactory contracts, to meet obligations under contracts thereafter approved, and to finance other law enforcement activities to bring enforcement up to a satisfactory standard. In fiscal year 1977, he will need $1.1 million and $2.5 million annually thereafter.

4. *Working capital fund.*—The Secretary will have authority to establish a working capital fund for the efficient acquisition and disbursement of supplies and services by the Bureau of Land Management. The Bureau will need $3 million in fiscal year 1977 to complete initial capitalization of the fund.

5. *Wilderness review.*—The Secretary will be required within 15 years of the date of approval of the Act to review all roadless areas of 5,000 acres or more and roadless islands on the public lands. Under this requirement, the Secretary will need to review about 90 million acres and to make mineral and other surveys of sufficient intensity to establish the resource potentials of each area. In planning his review program, the Secretary should give first priority to formally established areas and to areas where important resource values will not be subject to utilization during the period of review. The purpose of this priority is to seek an early decision whether such areas should be included in the wilderness system and to return early to multiple use management those areas that are not to be included. For this review $5 million will be needed in fiscal year 1977, and the total program cost is estimated at $171 million.

6. *California desert.*—The Secretary will be required to complete the initial phase of the California Desert program within 5 years of the date of approval of the Act. The initial phase involves the completion of long-term plans and the conduct of an interim management program designed to protect the fragile desert resources and values until the long-range plans can take over. During fiscal year 1977, a total of $3.8 million will be needed to bring work on the interim program to a level which will permit completion by the statutory deadline at a total estimated cost of $53 million.

TABLE 1.—PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FY 1977

[In thousands of dollars]

Legislative proposal	President's request		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Funds appropriated to the President: Naval petroleum reserves, strategic petroleum storage.	368,000	304,000	368,000 (000)	304,000 (000)	Increase production from Elk Hills, Calif., to finance further exploration, development, and production of naval petroleum reserves, and to establish a national strategic petroleum reserve, subject to the control of the President.
Offsetting receipts	−684,000	−684,000	−684,000 (000)	−684,000 (000)	

TABLE 2.—LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In thousands of dollars]

Legislative initiative	Budget authority	Outlays	Comment
Federal Land Policy and Management Act	14,200	14,200	See new initiative narrative.

TABLE 3.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In thousands of dollars]

Major issue or program	President's request		Subcommittee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Subfunction 302: Management of lands and resources.	208,740	204,805	208,740 (000)	204,805 (000)	See narrative.
Construction and maintenance	9,884	8,180	9,884 (000)	8,180 (000)	Do.
Oregon and California grant lands.	30,000	30,232	30,000 (000)	30,232 (000)	Do.
Range improvements	7,235	5,812	7,235 (000)	5,812 (000)	Do.
Recreation development and operation of recreation facilities.	300	240	300 (000)	240 (000)	Do.
Expenses of Public Lands Administration Act.	1,500	1,500	1,500 (000)	1,500 (000)	See permanent spending authority narrative.
Bureau of Land Management Trust Funds.	700	628	700 (000)	628 (000)	Do.
Total, 300/302	258,359	251,397	258,359	251,397	

Department of the Interior Summary of Budget Authority and Outlays Within Jurisdiction of the Committee on Interior and Insular Affairs

DEPARTMENT OF THE INTERIOR—SUMMARY OF BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND BUREAU FOR FISCAL YEAR 1975–77

[In thousands of dollars]

Function, subfunction	Budget authority			Outlays		
	1975	1976	1977	1975	1976	1977
300—NATURAL RESOURCES, ENVIRONMENT, AND ENERGY						
301—Water Resources and Power:						
Bureau of Reclamation	488,734	644,737	752,860	478,040	641,980	747,000
Office of Water Research and Technology	19,785	18,180	22,273	23,210	19,000	18,200
Geological Survey	1					
Alaska Power Administration	1,300	1,664	1,927	1,304	1,740	1,941
Bonneville Power Administration	1,429,149			164,378	−66,000	15,130
Southeastern Power Administration	1,054	1,000	1,106	1,061	995	1,104
Southwestern Power Administration	6,480	6,761	8,781	4,060	6,759	8,775
Total, subfunction 301	1,946,503	672,342	786,947	672,053	604,474	761,890
Less offsetting receipts	−395,111	−248,966	−276,097	−395,111	−248,966	−276,097
Net, subfunction 301	1,551,392	423,376	510,850	276,942	355,508	485,793
302—Conservation and land management:						
Bureau of Land Management	216,339	259,550	258,359	203,279	264,722	251,397
Bureau of Indian Affairs	31,652	36,026	34,154	30,559	35,431	34,400
Total, subfunction 302	247,991	295,576	292,513	233,838	300,153	285,797
Less offsetting receipts	−725	−700	−700	−725	−700	−700
Net subfunction 302	247,266	294,876	291,813	233,113	299,453	285,097
303—Recreational resources:						
Bureau of Reclamation	1,654	2,992	4,131	1,061	2,720	1,410
Bureau of Outdoor Recreation	342,872	343,983	336,187	288,870	305,892	335,188
National Parks Service	318,747	320,937	337,884	314,633	325,707	364,461
Total, subfunction 303	663,273	667,912	678,202	604,564	634,319	701,059
304—Pollution control and abatement:						
Office of the Secretary	15	25	25	8	25	25
305—Energy: Bureau of Mines	59,100	61,837	65,606	21,082	52,260	63,342
306—Other natural resources:						
Office of Water Research and Technology				42	23	
Geological Survey	254,146	272,499	284,308	224,190	269,860	284,345
Bureau of Mines	62,697	68,182	59,763	65,029	62,883	66,593
Office of the Solicitor	11,682	11,616	12,658	10,773	11,607	12,657
Office of the Secretary	30,789	33,156	34,699	34,177	32,061	32,817
Total, subfunction 306	358,714	385,453	391,428	334,211	376,434	396,412
Less offsetting receipts	−610	−485	−600	−610	−485	−700
Net, subfunction 306	358,104	384,968	390,828	333,601	375,949	395,812
300—Gross function	3,275,596	2,083,145	2,214,721	1,865,756	1,967,665	2,208,525
Net function 300	2,879,150	1,832,994	1,937,324	1,469,310	1,717,514	1,931,128
Less other offsetting receipts	−543,504	−631,402	−707,091	−543,504	−631,402	−707,091
Grand total, net function 300	2,335,646	1,201,592	1,230,233	925,806	1,086,112	1,224,037
450—COMMUNITY AND REGIONAL DEVELOPMENT						
452—Area and Regional Development:						
Bureau of Indian Affairs	549,097	656,784	684,772	450,229	670,875	690,351
Less—Offsetting receipts	−111,232	−108,382	−111,636	−111,232	−108,382	−111,636
Interfund transaction	−47,473	−139,158	−144,889	−47,473	−139,158	−144,889
Net, subfunction 452	390,392	409,244	428,247	291,524	423,335	433,826
Less other offsetting receipts	−14,287	−13,261	−13,261	−14,287	−13,261	−13,261
Grand total, net function 450	376,105	395,983	414,986	277,237	410,074	420,565
800—GENERAL GOVERNMENT						
806—Other general government:						
Bureau of Indian Affairs	73,102	82,200	32,200	73,090	84,361	32,200
Office of Territorial Affairs	87,125	125,644	104,439	89,785	125,861	112,127
Total, subfunction 806	160,277	207,844	136,639	162,875	210,222	144,327
Less—Offsetting receipts	−3,112	−2,000	−2,000	−3,113	−2,000	−2,000
Interfund transactions		−10,000			−10,000	
Net, subfunction 806	157,115	195,844	134,639	159,763	198,222	142,327
Less other, offsetting receipts	−650	−750	−900	−650	−750	−900
Grand total, net function 800	156,465	195,094	133,739	159,113	197,472	141,427

DEPARTMENT OF THE INTERIOR—SUMMARY OF BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND BUREAU FOR FISCAL YEAR 1975-77—Continued

[In thousands of dollars]

Function, subfunction	Budget authority			Outlays		
	1975	1976	1977	1975	1976	1977
850—REVENUE SHARING AND GENERAL PURPOSE—FISCAL ASSISTANCE						
852—Other general purpose fiscal assistance:						
Bureau of Land Management	178, 483	179, 399	126, 800	178, 064	179, 399	126, 800
Bureau of Reclamation	2, 704	3, 000	3, 000	2, 754	3, 000	3, 000
Office of Territorial Affairs	17, 676	19, 500	19, 000	17, 240	32, 360	19, 505
Total, function 850	198, 863	201, 899	148, 800	198, 058	214, 759	149, 305
Total, Department of the Interior:						
Gross, BA/BO	4, 183, 833	3, 149, 672	3, 184, 932	2, 676, 918	3, 063, 521	3, 192, 508
Net, BA/BO	3, 067, 079	1, 994, 568	1, 927, 758	1, 560, 214	1, 908, 417	1, 935, 334
Less, other offsetting receipts (554)	−185			−185		
General Science, Space and Technology (250)	−56	−75		−56	−75	
Other interest (902)	−−26, 847	−15, 216	−12, 056	−26, 847	−15, 216	−12, 056
Grand total, net, Department of the Interior	3, 039, 991	1, 979, 277	1, 915, 702	1, 533, 126	1, 893, 126	1, 923, 278

DEPARTMENT OF THE INTERIOR—GRAND TOTAL SUMMARY OF BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND SUBFUNCTION

[In thousands of dollars]

Function, subfunction	Budget authority			Outlays		
	1975	1976	1977	1975	1976	1977
National Resources, Environment and Energy(300):						
Water resources and power (301)	1, 946, 503	672, 342	786, 947	672, 053	604, 474	761, 890
Conservation and land management (203)	247, 991	295, 576	292, 513	233, 838	300, 153	285, 797
Recreation resources (303)	663, 273	667, 912	678, 202	604, 564	634, 319	701, 059
Pollution control and abatement (304)	15	25	25	8	25	25
Energy (305)	59, 100	61, 837	65, 600	21, 082	52, 260	63, 342
Other natural resources (306)	358, 714	385, 453	391, 428	334, 211	376, 434	396, 412
Subtotal	3, 275, 596	2, 083, 145	2, 214, 721	1, 865, 756	1, 967, 665	2, 208, 525
Less offsetting receipts	−939, 950	−881, 553	−984, 488	−939, 950	−881, 553	−984, 488
Total, function (300)	2, 335, 646	1, 201, 592	1, 230, 233	925, 806	1, 086, 112	1, 224, 037
Community and Regional Development (450):						
Area and regional development (452)	549, 097	656, 784	684, 772	450, 229	670, 875	690, 351
Less—						
Offsetting receipts	−125, 519	−121, 643	−124, 897	−125, 519	−121, 643	−124, 897
Interfund transactions	−47, 471	−139, 158	−144, 889	−47, 473	−129, 158	−144, 889
Total, function (450)	376, 105	395, 983	414, 986	277, 237	410, 074	420, 565
General government (800):						
Other general government (806)	160, 227	207, 844	136, 639	162, 875	210, 222	144, 327
Less—offsetting receipts	−3, 762	−2, 750	−2, 900	−3, 762	−2, 750	−2, 900
Interfund transactions		−10, 000			−10, 000	
Total, function (800)	156, 465	195, 094	133, 739	159, 113	197, 472	141, 427
Revenue sharing and general purpose fiscal assistance (850): other General Purpose (852)	198, 863	201, 899	148, 800	198, 058	214, 759	149, 305
General Science Space and Technology (250)	−56	−8. 75		−56	−75	
Health planning and construction (554)	−185			−185		
Other interest (902)	−26, 847	−15, 216	−12, 056	−26, 847	−15, 216	−12, 056
Grand total net, Department of the Interior	3, 039, 991	1, 979, 277	1, 915, 702	1, 533, 126	1, 893, 126	1, 923, 278

HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction

Function, subfunction, act, title, section, program name, and administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Required reports	Budget authority (dollars in thousands)						Outlays (dollars in thousands)					
		FY 1975	FY 1976	FY 1977			FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977	FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977
								1976 estimate	1977 estimate	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)																		
Conservation and Land Management (302)																		
MANAGEMENT OF LANDS AND RESOURCES																		
BUREAU OF LAND MANAGEMENT																		
Energy and Minerals																		
R.S. 2318; 17 Stat. 9100, Mining Law of 1872, as amended, 30 U.S.C. 22; Classification and patenting of locatable minerals.	10-04-1109-0-1	Unspecified			No year	None												
P.L. 146; ch. 85, 41 Stat. 437, Mineral Lands Leasing Act of 1920 as amended, 30 U.S.C. 181: Classification and leasing of certain minerals.	10-04-1109-0-1	do			do	do												
P.L. 382; ch. 513, 61 Stat. 913, Mineral Leasing Act for acquired lands of 1947, as amended, 30 U.S.C. 351-359: Sale of certain common minerals.	10-04-1109-0-1	do			do	do												
P.L. 291; ch. 406 Stat. 681, Materials Act of 1947, as amended, 30 U.S.C. 601, 602: Disposal of specified surface materials for other than commercial and industrial uses.	10-04-1109-0-1	do			do	do	13,486	13,695	13,695	17,143	22,771		13,838	13,421	3,000	17,007	22,342	
P.L. 167; ch 375. 69 Stat. 367, Mult. Surface Use Act of 1955, as amended, 30 U.S.C. 601, 602, 611, 615: Multiple use of surface on same tract.	10-04-1109-0-1	do			do	do												
P.L. 91-190, National Environmental Policy Act of 1969, 42 U.S.C. 4321 (4331-4335, 4341-4347): preparation of environmental impact statements.	10-04-1109-0-1	do			do	do												
P.L. 91-581, Geothermal Steam Act of 1970, 30 U.S.C. 1001: Leasing for development of geothermal energy.	10-04-1109-0-1	do			do	do	1,840	1,868	1,868	2,421	2,429		1,888	1,831	1,776	2,402	2,383	
P.L. 212; ch. 345, 67 Stat. 462, Outer Continental Shelf Lands Act of 1953, as amended, 43 U.S.C. 1331-1343: Extends jurisdiction of U.S. to Outer Continental Shelf; provides for the granting of leases.	10-04-1109-0-1	do			do	Ann. soon as practicable after end of fiscal year; to Congress.	30,965	58,147	60,247	55,071	60,430		1,773	43,711	57,617	54,634	59,291	
Lands and Realty Management																		
P.L. 482; ch. 865, 48 Stat. 1269, Taylor Grazing Act of 1934, as amended, 43 U.S.C 315: Promotes highest use of public lands in established grazing districts; classify for disposal, regulates use of national resource lands.	10-04-1109-0-1	do			do	do												
P.L. 771; ch. 1255, 68 Stat. 1146, Permits, Leases and Easements on Public Lands Act of 1954, 43 U.S.C. 931c: Authorizes grants of permits, leases or easements.	10-04-1109-0-1	do			do	do												
P.L. 405; ch. 876, 50 Stat. 874, Conservation of Timber on Certain Lands in Oregon; Act of 1937, 43 U.S.C. 1181: Classification of lands more suitable for other-than-forestry purposes.	10-04-1109-0-1	do			do	do												
P.L. 146; ch. 85, 41 Stat. 437, Min. Lands Leasing Act of 1920, as amended, 30 U.S.C. 181: Classification and leasing of certain minerals.	10-04-1109-0-1	do			do	do												
P.L. 86-507, Mining Claims Rights Restoration Act of 1955, 30 U.S.C. 621: Withdrawal of lands for power development.	10-04-1109-0-1	do			do	do												

See footnotes at end of table.

HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS—Continued

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction—Continued

Function, subfunction, act, title, section, program name, and administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Required reports	Budget authority (dollars in thousands)						Outlays (dollars in thousands)					
		FY 1975	FY 1976	FY 1977			FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977	FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977
								1976 estimate	1977 estimate	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)—Continued																		
Conservation and Land Management (302)—Continued																		
MANAGEMENT OF LANDS AND RESOURCES—con.																		
BUREAU OF LAND MANAGEMENT—Continued																		
LANDS AND REALTY MANAGEMENT—Continued																		
P.L. 37; ch. 37, 28 Stat. 635, Tramroads Act of 1895, as amended, 43 U.S.C. 956: Rights-of-ways on public lands for tramroads, etc.	10-04-1109-0-1	Unspecified			No year	None	24,317	24,631	24,631	27,443	29,237		24,951	24,138	23,551	26,577	28,686	
Ch. 262, 14 Stat. 253, Federal Highway Grant Act of 1866, 43 U.S.C. 932: Rights-of-way on public land for highways.	10-04-1109-0-1	do			do	do												
P.L. 386, Recreation and Public Purposes Act of 1926, as amended, 43 U.S.C. 869: Disposal of lands to States and local jurisdictions and non-profit corps., for public purposes.	10-04-1109-0-1,	do			do	do												
Ch. 107, 19 Stat. 377, Desert Lands Act of 1877, as amended, 43 U.S.C. 321-39: Classification for entry on desert lands.	10-04-1109-0-1	do			do	do												
P.L. 92-203, Alaska Native Claims Settle. Act of 1971, 43 U.S.C. 1601 et. seq.: Alaska Native Claims Selections.	10-04-1109-0-1	do			do	do												
P.L. 91-190, National Environ. Policy Act of 1969, 42 U.S.C. 4321, (4331-4335, 4341-47): Preparation of environmental impact statements.	10-04-1109-0-1	do			do	do												
P.L. 93-153, title II, Trans-Alaska Pipeline Act of 1973, 43 U.S.C. 1651: Rights-of-way and monitoring for Trans-Alaska Pipeline.	10-04-1109-0-1	do			do	do	8,804	8,820	8,820	8,847	7,858		9,034	8,644	8,436	8,777	7,710	
Range Management																		
P.L. 482; ch. 865, 48 Stat. 1269, Taylor Grazing Act of 1934, as amended, 43 U.S.C. 315: Management of grazing lands.	10-04-1109-0-1	do			do	do												
P.L. 91-190, National Environ. Policy Act of 1969, 42 U.S.C. 4321, (4331-4335, 4341-4347): Envlronmental impact statement preparation.	10-04-1109-0-1	do			do	do	16,037	16,205	16,205	20,587	20,714		16,465	15,884	15,505	20,424	20,324	
P.L. 210; 50 Stat. 522, Bankhead-Jones Farm Tenant Act of 1937, as amended, 7 U.S.C. 1010-1013a: Management of marginal lands not yet disposed of.	10-04-1109-0-1	do			do	do												
P.L. 92-195, Wild Free-roaming Horses and Burro Act, 16 U.S.C. 1331-1340: Manage and protect wild horses and burros.	10-04-1109-0-1	do			do	do	1,021	1,025	1,025	1,025	1,025		1,038	1,001	977	1,017	1,006	

Timber Management																
P.L. 482; ch. 865, 48 Stat. 1269, Taylor Grazing Act of 1934, as amended, 43 U.S.C. 315: Regulate use of natural resources.	10-04-1109-0-1	do	do	do												
P.L. 405; ch. 876, 50 Stat. 874, Conservation of Timber on Certain Lands in Oregon; Act of 1937, 43 U.S.C. 1181: Management of timber on O. & C. lands.	10-04-1109-0-1	do	do	do												
P.L. 273; ch. 146, 58 Stat. 132, Forest Sustained Yield Units Act of 1944, 16 U.S.C. 583: Marketing timber on a sustained yield basis.	10-04-1109-0-1	do	do	do												
P.L. 315; ch. 349, 42 Stat. 857, Timber Protection Act of 1922, 16 U.S.C. 495: Protection of timber from disease, beetles and other insects.	10-04-1109-0-1	Such sums as may be necessary.	do	do	8,849	8,908	8,908	6,281	6,258		,080	8,730	8,508	6,231	6,140	
P.L. 86-649, Public Lands Administration Act of 1960, 43 U.S.C. 1361, 1362: Improvement, management, use, and protection of public lands.	10-04-1109-0-1	Unspecified	do	do												
P.L. 91-190, National Environmental Policy Act of 1969, 42 U.S.C. 4321, (4331-4335, 4341-4347): Preparation of environmental impact statements.	10-04-1109-0-1	do	do	do												
P.L. 291; ch. 406, Stat. 681, Materials Act of 1947 as amended, 30 U.S.C. 601, 602: Disposal of vegetative materials, including timber on public lands.	10-04-1109-0-1	do	do	do												
Soil and Water Resources																
P.L. 482; ch. 406, Stat. 1269, Taylor Grazing Act of 1934, as amended, 43 U.S.C. 315: Study erosion control and perform necessary developments for water supply.	10-04-1109-0-1	do	do	do												
P.L. 91-190, National Environmental Policy Act of 1969, 42 U.S.C. 4321, (4331-35, 4341-47): Preparation of environmental impact statements.	10-04-1109-0-1	do	do	do	9,261	9,362	9,362	10,842	10,926		9,502	9,175	8,952	10,756	10,720	
P.L. 46; ch. 85, 49 Stat. 163, Soil Conservation and Domestic Allotment Act of 1935, as amended, 16 U.S.C. 590a et. seq.: Prevention and control of erosion on grazing and forest lands.	10-04-1109-0-1	Such sums as may be necessary.	do	do												
P.L. 92-367, Inspection of Dams, 33 U.S.C. 467: On public lands.	10-04-1109-0-1	Unspecified	do	do												
Recreation Management																
P.L. 405; ch. 876, 50 Stat. 874, Conservation of Timber on Certain Lands in Oregon, Act of 1937, 43 U.S.C. 1181: Recreational management on O. & C. lands.	10-04-1109-0-1	do	do	do												
P.L. 482; ch. 865, 48 Stat. 1269, Taylor Grazing Act of 1934, as amended, 43 U.S.C. 315(b)(1): Regulate the use of natural resources.	10-04-1109-0-1	do	do	do												
P.L. 209; ch. 3, 4, 34 Stat. 225, Antiquities Act of 1906, 16 U.S.C. 432: Issuance of permits for examination of ruins.	10-04-1109-0-1	do	do	do												
P.L. 91-190, National Environmental Policy Act of 1969, 42 U.S.C. 4321, (4331-35, 4341-47): Preparation of environmental impact statements.	10-04-1109-0-1	do	do	do	5,581	5,638	5,638	5,783	6,880		5,726	5,525	5,382	5,737	6,750	
P.L. 90-542, Wild and Scenic Rivers Act of 1968, 16 U.S.C. 1271: Acquisition and development of recreation on the Rogue River.	10-04-1109-0-1	do	do	do												
P.L. 90-401, Land and Water Conservation Fund Act of 1965, amendment, 16 U.S.C. 460 *l*-5: Acquisition and exchange of lands for public recreational use.	10-04-1109-0-1	do	do	do												
P.L. 90-543, National Trails Systems Act of 1968, 16 U.S.C. 1241-49: Establishment of the National Trails System.	10-04-1109-0-1	do	do	do												
P.L. 91-476, King Range Act of 1970, 16 U.S.C. 460 *l*: Acquisition and exchange of King Range acreages.	10-04-1109-0-1	Such sums as may be necessary	do	do												

See footnotes at end of table.

HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS—Continued

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction—Continued

Function, subfunction, act, title, section, program name, and administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Required reports	Budget authority (dollars in thousands)						Outlays (dollars in thousands)					
		FY 1975	FY 1976	FY 1977			FY 19 5 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 19	FY 19 5 amount	Current services budget for FY 1977		President's budget for FY 19		Committee change, 19
								19 6 estimate	19 estimate	19 6 estimate	19 estimate			19 6 estimate	19 estimate	19 6 estimate	19 estimate	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)—Continued																		
Conservation and Land Management (302)—Continued																		
MANAGEMENT OF LANDS AND RESOURCES—con.																		
BUREAU OF LAND MANAGEMENT—Continued																		
Wildlife Management																		
P.L. 91-190, National Environmental Policy Act of 1969, 42 U.S.C. 4321, 4331-35, 4341-47: Preparation of environmental impact statements.	10-04-1109-0-1	Unspecified			No year	None												
P.L. 482; ch. 865, 48 Stat. 1269, Taylor Grazing Act of 1934, as amended, 43 U.S.C. 315: Regulate the use of natural resources.	10-04-1109-0-1	do			do	do												
P.L. 405, Conservation of Timber on Certain Lands in Oregon, as amended, Act of 1937, 43 U.S.C. 1181: Wildlife management on O&C lands.	10-04-1109-0-1	do			do	do	5,086	5,140	5,140	6,313	6,296		5,220	5,037	4,920	6,263	6,117	
P.L. 770, Migratory Bird Conservation Act of 1929, as amended, 16 U.S.C. 715: Consider areas of land and water for migratory birds.	10-04-1109-0-1	do			do	do												
P.L. 93-452, Sikes Act of 1974, 16 U.S.C. 670a-h: Conservation and restoration and management of migratory game birds.	10-04-1109-0-1	do			do	do												
Fire Protection																		
P.L. 315: ch. 349, 42 Stat. 857, Timber Protection Act of 1922, 16 U.S.C. 594: Preserve timber from fire.	10-04-1109-0-1	Such sums as may be necessary.			do	do	7,982	8,056	8,056	8,208	8,476		8,191	7,895	7,708	8,143	8,316	
FIREFIGHTING AND REHABILITATION																		
P.L. 84-46, Reciprocal Fire Protection Agreement Act of 42 U.S.C. 1856a-d. Improvement, management, use and protection of public lands and resources.	10-04-1109-0-1	Unspecified			do	do	25,350	4,750	4,750	25,250	4,750		5,540	4,655	4,547	7,312	4,669	
P.L. 86-649, Public Lands Administration Act of 1960, 43 U.S.C. 1361, 1362: Agreements with other agencies for purposes of firefighting on lands under various public jurisdictions.	10-04-1109-0-1	do			do	do												
CADASTRAL SURVEY																		
R.S. 453, Establishment of the General Land Office of 1875, as amended, 43 U.S.C. 2: Necessary duties pertaining to survey and sale of public lands.	10-04-1109-0-1	do			do	do												
R.S. 2218: P.L. 199, Act of 1924 regarding Completion of Surveys and Delivery to States, 43 U.S.C. 54: Completion of surveys and conveyance to States.	10-04-1109-0-1	do			do	do	6,769	6,890	6,890	6,979	8,647		6,946	6,752	6,589	6,924	8,484	
R.S. 2478, 1946 Reorganization Plan No. 3, 43 U.S.C. 1201: Transferred responsibility for survey of public lands to Interior.	10-04-1109-0-1	do			do	do												
P.L. 85-508, Alaska Act of Admission, as amended, 48 U.S.C. ch. 2, nt.: Survey of lands for State selection.	10-04-1109-0-1	do			do	do	5,923	5,942	5,942	7,818	7,245		6,078	5,823	5,684	7,756	7,108	
P.L. 92-203, Alaska Native Claims Settlement Act of 1971, 43 U.S.C. 1612: Survey of Alaska Native lands.	10-04-1109-0-1	do			do	do												

General Administration															
R.S. 453; ch. 80, 18 Stat. 317, Establishment of the General Land Office, as amended, 43 U.S.C. 2: Established the General Land Office and executive duties thereto pertaining.	10-04-1109-0-1	do.	do.	do.	4,475	4,509	4,569	4,594	4,798		4,591	4,478	4,369	4,558	4,708
R.S. 2478, 1946 Reorganization Plan No. 3, 43 U.S.C. 1201: Transferred executive and administrative duties pertaining to public lands to BLM.	10-04-1109-0-1	do.	do.	do.											
Total, Management of Lands and Resources					175,746	183,646	185,746	192,605	208,740		159,861	166,700	177,611	191,078	204,805
Construction and Maintenance															
R.S. 453; ch. 80, 18 Stat. 317, Establishment of the General Land Office, as amended, 43 U.S.C. 2: All executive duties appertaining to survey and sale of public lands.	10-04-1110-0-1	Unspecified	do.	do.											
R.S. 2478, 1946 Reorganization Plan. No. 3, 43 U.S.C. 1201: Transferred executive and administrative duties, pertaining to public lands, to BLM.	10-04-1110-0-1	do.	do.	do.											
P.L. 405; ch. 876, 50 Stat. 874, Conservation of Timber on Certain Lands in Oregon, Act of 1937, 43 U.S.C. 1181: Maintenance and construction relative to management of O. & C. grant lands.	10-04-1110-0-1	Such sums as may be necessary.	do.	do.	6,725	6,725	6,725	9,009	9,884		7,931	5,780	6,020	9,429	8,180
P.L. 315; ch. 349, 42 Stat. 857, Timber Protection Act of 1922, 16 U.S.C. 594; Protect timber from fire, insects and disease on public lands.	10-04-1110-0-1	do.	do.	do.											
P.L. 86-649, Public Lands Administration Act of 1960, 43 U.S.C. 1361, 1362: Improvement, management, and use of public lands and resources.	10-04-1110-0-1	Unspecified	do.	do.											
RECREATION DEVELOPMENT															
P.L. 90-401, Land and Water Conservation Fund Act of 1965, amendment, 16 U.S.C. 460 l-5: Construction, operation, and maintenance of outdoor recreation facilities.	10-04-5011-0-2	do.	do.	do.	242	242	242	300	300		145	145	145	260	240
RANGE IMPROVEMENTS															
P.L. 482, ch. 865, 48 Stat. 462, Taylor Grazing Act of 1934, as amended, 43 U.S.C. 315(b)(d), secs. 3 and 10: Construction, purchase, and maintenance of range improvements.	10-04-5132-0-2	do.	do.	do.	4,186	5,435	7,235	5,435	7,235		3,929	5,200	5,812	5,200	5,812
OREGON AND CALIFORNIA GRANT LANDS															
P.L. 405; ch. 876, 50 Stat. 874, Conservation of Timber on Certain Lands in Oregon, Act of 1937, 43 U.S.C. 1181 a-f: Conservation management and administration by Interior of O. & C. grant lands; permanent forest protection; sale of timber.	10-04-5136-0-1	Such sums as may be necessary.	do.	do.											
P.L. 315; ch. 349, 42 Stat. 857, Timber Protection Act of 1922, 16 U.S.C. 594; Protection of timber from fire, disease and insects on O. & C. lands.	10-04-5136-0-1	do.	do.	do.	27,402	28,000	44,500	28,000	30,000		29,573	35,436	38,000	34,064	30,232
R.S. 453; ch. 80, 18 Stat. 317, Establishment of the General Land Office as amended, 43 U.S.C. 2: Secretary of the Interior to administer survey and sale of all public lands.	10-04-5136-0-1	Unspecified	do.	do.											
PERMANENT APPROPRIATIONS															
P.L. 482, ch. 865, 48 Stat. 462, Taylor Grazing Act of 1934, as amended 43 U.S.C. 315(m), (b), (i): Leasing of grazing lands.	10-04-9998-0-2	do.[1]	Permanent	do.	2	1	0	1	0		2	1	0	1	0
P.L. 86-649, Public Lands Administration Act of 1960, 43 U.S.C. 1361 et. seq.: Expenses of Public Lands Administration Act.	10-04-9998-0-2	do.[1]	do.	do.	1,310	1,500	1,500	1,500	1,500		1,264	2,610	1,500	2,610	1,500

See footnotes at end of table.

HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS—Continued

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction—Continued

Function, subfunction, act, title, section, program name, and administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands) FY 1975	Authorization (dollars in thousands) FY 1976	Authorization (dollars in thousands) FY 1977	Authorization termination date	Required reports	Budget authority (dollars in thousands) FY 1975 amount	Budget authority: Current services budget for FY 1977 — 1976 estimate	Budget authority: Current services budget for FY 1977 — 1977 estimate	Budget authority: President's budget for FY 1977 — 1976 estimate	Budget authority: President's budget for FY 1977 — 1977 estimate	Committee change, 1977	Outlays (dollars in thousands) FY 1975 amount	Outlays: Current services budget for FY 1977 — 1976 estimate	Outlays: Current services budget for FY 1977 — 1977 estimate	Outlays: President's budget for FY 1977 — 1976 estimate	Outlays: President's budget for FY 1977 — 1977 estimate	Committee change, 1977
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)—Continued																		
Conservation and Land Management (302) Continued																		
OREGON AND CALIFORNIA GRANT LANDS—Con.																		
TRUST FUNDS																		
P.L. 482, Taylor Grazing Act of 1934, as amended, 43 U.S.C. 315h, 1: Contributed funds.	10-04-9999-0-7	Unspecified			Permanent	None	631	540	540	540	540		493	639	542	580	470	
Ch. 86, 12 Stat. 410, Permanent Appropriations Act of May 30, 1862, as amended, 43 U.S.C. 711(16): Expenses, public survey work.	10-04-9999-0-7	do.[3]			do	do	84	159	159	159	159		78	98	83	159	157	
P.L. 473; ch. 756, 48 Stat. 1236, Permanent Appropriations Appeal Act of 1934, 31 U.S.C. 725(s): Trustee funds, Alaska townsites.	10-04-9999-0-7	do.[3]			do	do	10	1	1	1	1		3	3	3	1	1	
Consolidated Working Fund																		
Economy Act of 1932: Reimbursement for AID program.	10-04-3911-0-4	do			No year	do	0	0	0	0	0		0	0	0	0	0	
Total, Function 300, Natural Resources, Environment and Energy.							216,338	226,249	246,648	259,550	258,359		203,279	216,612	229,716	264,722	251,397	
Total, Subfunction 302, Conservation and Land Management.							216,338	226,249	246,648	259,550	258,359		203,279	216,612	229,716	264,722	251,397	
REVENUE SHARING AND GENERAL PURPOSE FISCAL ASSISTANCE (850)																		
Other General Purpose Fiscal Assistance (852)																		
PERMANENT APPROPRIATIONS																		
P.L. 85; 53 Stat. 753-754, Annual Payments to Coos and Douglas Counties from Special Fund Act of 1939, no code citation: Payments to Coos and Douglas Counties.	10-04-9998-0-2	Unspecified			Permanent	None	918	1,250	1,700	1,250	1,700		918	1,250	1,700	1,250	1,700	
P.L. 405; ch. 876, 50 Stat. 874, Conservation of Timber on Certain Lands in Oregon, Act of 1937, 43 U.S.C. 1181: Payments to O. & C. counties.	10-04-9998-0-2	do			do	do	57,789	49,348	17,500	49,348	17,500		57,789	49,348	17,500	49,348	17,500	
Ch. 86, 12 Stat. 410, Permanent Appropriations Act of May 30, 1862, as amended, 43 U.S.C. 759, 761, 887: Payments to States for sale of public lands.	10-04-9998-0-2	do			do	do	815	1,045	300	1,045	300		431	1,045	300	1,045	300	
P.L. 482, Taylor Grazing Act of 1934, as amended, 43 U.S.C 315: Payments to States from grazing receipts, miscellaneous.	10-04-9998-0-2	do			do	do	4	4	0	4	0		4	4	0	4	0	
P.L. 482, Taylor Grazing Act of 1934, as amended, 43 U.S.C. 315i, 315m: Payments to States from grazing receipts outside grazing districts.	10-04-9998-0-2	do			do	do	770	774	150	744	150		731	774	150	744	150	
P.L. 482, Taylor Grazing Act of 1934, as amended, 43 U.S.C. 315b, 315i: Payments to States from grazing receipts within grazing districts.	10-04-9998-0-2	do			do	do	756	595	25	595	25		760	595	25	595	25	
P.L. 146; ch. 85, 41 Stat. 450, Mineral Lands Leasing Act of 1920, as amended, 30 U.S.C. 191, 285: Payments to States from receipt under the Mineral Leasing Act.	10-04-9998-0-2	do			do	do	117,151	126,122	87,735	126,122	106,735		117,151	126,122	87,735	126,122	106,735	
P.L. 210; 50 Stat. 522, Bankhead-Jones Farm Tenant Act of 1937, as amended, 7 U.S.C. 1012: Payments to counties national grasslands.	10-04-9998-0-2	do			do	do	280	261	390	261	390		280	261	390	261	390	
Total, Function 850, Revenue Sharing and General Purpose Fiscal Assistance							178,483	179,399	107,800	179,399	126,800		178,064	179,399	107,800	179,399	126,800	
Total, Subfunction 852, Other General Purpose Fiscal Assistance.							178,483	179,399	107,800	179,399	126,800		178,064	179,399	107,800	179,399	126,800	

NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)

Water Resources and Power (301)

BUREAU OF RECLAMATION

CONSTRUCTION AND REHABILITATION

Columbia Basin Act, 49 Stat. 1039, 8/30/35, P.L. 84-641: Columbia Basin project irrigation facilities.	10-06-5061-0-2	10,845	17,400	16,400	No year	Not available	10,845	14,128		17,400	16,400							
Central Valley Project Act, 50 Stat. 12/2/35, 850 Stat. 8/26/37, P.L. 75-392: Central Valley project.																		
CVP—Sacramento River Division, 64 Stat. 1036, 9/26/50, P.L. 81-839: Sacramento River Division.	10-06-5061-0-2	4,975	13,100	32,000	do	do	4,975	13,100		13,100	32,000							
CVP—San Luis Unit, 74 Stat. 156, 6/3/60, P.L. 86-488: San Luis unit.	10-06-5061-0-2	28,473	32,133	23,612	do	do	28,473	28,240		32,133	23,612							
Fryingpan-Arkansas Project Act, 76 Stat. 389, 8/16/62, P.L. 93-493: Fryingpan-Arkansas project.	10-06-5061-0-2	24,900	32,271	39,000	do	do	24,900	32,547		32,271	39,000							
Pacific Northwest-Pacific Southwest Intertie Act, 78 Stat. 758, 8/31/64, P.L. 88-552: Pacific Northwest-Pacific Southwest Intertie.	10-06-5061-0-2	1,120	2,153	810	do	do	1,120	2,153		2,153	810							
Teton Basin Project Act, 78 Stat. 925, 9/7/64, P.L. 88-583: Teton Basin project, Lower Teton Division.	10-06-5061-0-2	13,100	15,157	5,300	do	do	13,100	15,157		15,157	5,300							
Chief Joseph Dam Project Act, 78 Stat. 955, 9/18/64, P.L. 88-599: Chief Joseph Dam project, Whitestone Coulee unit.	10-06-5061-0-2	1,050			do	do	1,050											
Pick-Sloan Missouri Basin Act, Garrison Diversion Unit, 79 Stat. 433, 8/5/65, P.L. 89-108: Garrison diversion unit.	10-06-5061-0-2	13,015	12,650	23,500	do	do	13,015	11,650		12,650	23,500							
CVP—Auburn-Folsom south unit, 79 Stat. 615, 9/2/65, P.L. 89-161: Auburn-Folsom south unit.	10-06-5061-0-2	13,702	38,769	41,505	do	do	13,702	29,594		38,769	41,505							
Southern Nevada Water Project Act, 79 Stat. 1068, 10/22/65, P.L. 89-292: Southern Nevada Water project.	10-06-5061-0-2	500	1,250	200	do	do	500	1,000		1,250	200							
Chief Joseph Dam Project Act, Manson Unit, 80 Stat. 704, 9/7/66, P.L. 89-557: Chief Joseph Dam project, Manson unit.	10-06-5061-0-2	2,352			do	do	2,352											
Columbia Basin Project Act, 3d powerplant, Grand Coulee Dam, 80 Stat. 200, 6/14/66, P.L. 89-448: Columbia Basin project, 3d powerplant, Grand Coulee Dam.	10-06-5061-0-2	57,783	67,600	44,900	do	do	57,783	53,600		67,600	44,900							
Tualatin Project Act, 80 Stat. 822, 9/20/66, P.L. 89-596: Tualatin project.	10-06-5061-0-2	6,285	7,697	9,000	do	do	6,285	7,097		7,697	9,000							
CVP—Miscellaneous project program, 81 Stat. 174, 8/27/67, P.L. 90-72: Miscellaneous projects program.	10-06-5061-0-2	6,851	9,200	11,750	do	do	6,851	8,860		9,260	11,750							
CVP—San Felipe Division, 81 Stat. 174, 8/27/67, P.L. 90-72: San Felipe Division.	10-06-5061-0-2	600	4,500	12,725	do	do	600	7,500		4,500	12,725							
Pick-Sloan Missouri Basin Act, Nebraska Mid-State Division, 81 Stat. 444, 11/14/67, P.L. 90-136: Advance planning, Nebraska mid-State division.	10-06-5061-0-2	349	250		do	do	349	500		250								
Pick-Sloan Missouri Basin Act, Oahe unit, 82 Stat. 624, 8/3/68, P.L. 90-453: Oahe Unit.	10-06-5061-0-2	6,085	7,110	16,600	do	do	6,085	7,730		7,110	16,600							
Mountain Park Project Act, 82 Stat. 853, 9/21/68, P.L. 90-503: Mountain Park project.	10-06-5061-0-2	6,533	8,460	6,500	do	do	6,533	8,460		8,460	6,500							
Palmetto Bend Project Act, 82 Stat. 999, 10/12/68, P.L. 90-562: Palmetto Bend project.	10-06-5061-0-2	9,349	8,490	16,400	do	do	9,349	11,490		8,490	16,400							
Rogue River Basin Project Act, Merlin Division, 84 Stat. 273, 5/28/70, P.L. 91-270: Advance planning, Rogue River Basin project, Merlin Division.	10-06-5061-0-2	220	80	300	do	do	220	80		80	300							
Rathdrum Prairie Project Act, East Greenacres Unit, 84 Stat. 319, 6/23/70, P.L. 91-286: Rathdrum Prairie project, East Greenacres unit.	10-06-5061-0-2	3,890			do	do	3,890											
Walla Walla Project Act, 84 Stat. 319, 6/23/70, P.L. 91-307: Advance planning, Walla Walla project.	10-06-5061-0-2	166	200	300	do	do	166	100		200	300							
Pick-Sloan Missouri Basin Project Act, Narrows Unit, 84 Stat. 830, 8/28/70, P.L. 91-389: P-SMBP, Narrows unit.	10-06-5061-0-2	2,320	1,045	3,995	do	do	2,320	950		1,045	3,995							
Riverton Extension Unit: P-SMBP, Riverton extension unit.	10-06-5061-0-2	1,740	2,200	3,000	do	do	1,740	2,200		2,200	3,000							

See footnotes at end of table.

HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS—Continued

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction—Continued

Function, subfunction, act, title, section, program name, and administe ing gency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Required reports	Budget authority (dollars in thousands)						Outlays (dollars in thousands)					
							FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977	FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977
		FY 1975	FY 1976	FY 977				1976 estimate	1977 estimate	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)—Continued																		
Water Resources and Power (301)—Continued																		
BUREAU OF RECLAMATION—Continued																		
CONSTRUCTION AND REHABILITATION—continued																		
North Loup Division, 86 Stat. 969, 10/20/72, sec. 501, P.L. 92-514: P-SMBP, advance planning, North Loup division.	10-06-5061-0-2	400		1,000	No year	Not available	400	175		475	1,000							
O'Neill Unit, P.L. 92-514, 86 Stat. 968, 10/20/72, sec. 401: P-SMBP, advance planning O'Neill unit.	10-06-5061-0-2	550		1,300	do	do	550	645		945	1,300							
Brantley Project Act, 86 Stat. 966, 10/20/72, P.L. 92-514: Brantley project.	10-06-5061-0-2	1,600	1,000	5,600	do	do	1,600	1,000		1,000	5,600							
Upper Snake River Project Act, Salmon Falls division, 86 Stat. 967, 10/20/72, P.L. 92-514: Advance planning, Upper Snake River project, Salmon Falls division.	10-06-5061-0-2	50	500	400	do	do	50	500		500	400							
Flood Control Act of 1944, 58 Stat. 887, 12/22/44, ch. 665, P.L. 78-534: Canyon Ferry.	10-06-5061-0-2	940	2,564	2,300	do	do	940	1,800		2,564	2,300							
Flood Control Act of 1944 and 1946, 58 Stat. 887, 12/22/44, ch. 665, 60 Stat. 642, 7/24/46, P.L. 79-526: Transmission division.	10-06-5061-0-2	7,395	19,486	16,620	do	do	7,395	19,448		19,486	16,620							
San Luis Valley project, San Luis closed basin division, 86 Stat. 964, 10/20/72, P.L. 92-514: San Luis Valley, closed basin	10-06-5061-0-2		75	375	do	do				75	375							
Flood Control Act of 1944, 58 Stat. 887, 12/2/44, P.L. 78-534: Lower Marias unit, Tiber Dam	10-06-5061-0-2		500	4,500	do	do				500	4,500							
Drainage and Minor Construction Act, 43 U.S.C. 505, ch. 382, 70 Stat. 274, 6/13/56, P.L. 84-575: Drainage and minor construction.	10-06-5061-0-2	10,610	16,146	17,190	do	do	10,610	12,251		14,726	17,190							
Rehabilitation and Betterment Act, 63 Stat. 724, 10/7/49, ch. 650, 43 U.S.C. 504, P.L. 81-335:																		
Rehabilitation and betterment	10-06-5061-0-2	6,375	5,262	4,175	do	do	6,375	5,257		5,262	4,175							
Reformulation, various	10-06-5061-0-2				do	do		400										
Underfinancing	10-06-5061-0-2			−14,240	do	do					−14,240							
Subtotal—301, Construction and Rehabilitation	10-06-5061-0-2	244,123	327,308	[3] 347,017			244,123	298,681	330,000	327,308	[3] 347,017	356,367	261,781	289,961	315,000	293,004	352,801	362,151
Upper Colorado River Basin Act, 70 Stat. 105, 4/11/56, ch. 203, P.L. 84-485:																		
Upper Colorado River Basin	10-06-4081-0-3				No year	Annual												
Curecanti unit	10-06-4081-0-3	11,095	9,700	3,280	do	do	11,095	9,700		9,700	3,280							
Transmission Division	10-06-4081-0-3	1,920	5,028	13,200	do	do	1,920	4,978		5,028	13,200							
Central Utah-Bonneville	10-06-4081-0-3	3,577	13,800	20,300	do	do	3,577	13,800		13,800	20,300							
Central Utah-Jensen	10-06-4081-0-3	300	445	6,300	do	do	300	495		445	6,300							
Central Utah-Upalco	10-06-4081-0-3	220	100	800	do	do	220			100	800							
Lyman project	10-06-4081-0-3	150	740	3,600	do	do	150	740		740	3,600							
San Juan-Chama Project Act, 76 Stat. 96, 6/13/62, P.L. 87-483: San Juan-Chama project.	10-06-4081-0-3	3,464	3,309	5,600	do	do	3,464	3,309		3,309	5,600							
Savery-Pot Hook Project, 78 Stat. 852, 9/2/64, P.L. 88-568: Savery-Pot Hook project.	10-06-4081-0-3	300	1,094	1,200	do	do	300	1,344		1,094	1,200							
Fruitland Mesa Project, 78 Stat. 852, 9/2/64, P.L. 88-568: Fruitland Mesa.	10-06-4081-0-3		457	3,000	do	do		582		457	3,000							
Animas-La Plata Participating Project, 82 Stat. 885, 9/30/68, P.L. 90-537:																		
Advance planning, Animas-La Plata	10-06-4081-0-3	386	464	200	do	do	386	464		464	200							
Dallas Creek	10-06-4081-0-3	604	717	4,500	do	do	604	1,017		717	4,500							
Dolores project	10-06-4081-0-3	264	407		do	do	264	207		407								
San Miguel	10-06-4081-0-3	114	458	480	do	do	114	458		458	480							
West Divide	10-06-4081-0-3	109	269	230	do	do	109	269		269	230							
Uintah unit	10-06-4081-0-3		150	860	do	do		150		150	860							

Drainage and Minor Construction Act, 70 Stat. 274, 6/13/56, 43 U.S.C. 505, P.L. 84-575:																		
Drainage and minor construction	10-06-4081-0-3	464	1,022	700	do	do	464	1,022		1,022	700							
Reformulation, various	10-06-4081-0-3				do	do		100										
Underfinancing	10-06-4081-0-3			−1,350	do	do					−1,350							
Subtotal—301 Upper Colorado River Storage project.		22,967	38,160	[4] 61,900			22,967	38,635	59,000	38,160	[4] 61,900	63,550	9,271	38,630	45,000	44,830	48,375	50,025
Colorado River Basin Project Act, 76 Stat. 97, 9/30/68, P.L. 90-537:																		
Central Arizona project	10-06-4079-0-3	23,000	29,205	73,420	No year	Annual	23,000	29,240	59,300	29,205	73,420							
Navajo project participating agreement	10-06-4079-0-3	32,800	17,440	20,600	do	do	32,800			17,440	20,600							
Subtotal—301 Colorado River Basin project.	10-06-4079-0-3	55,800	46,645	94,020	do	do	55,800	29,240	59,300	46,645	94,020		44,483	46,145	71,000	57,000	80,000	
76 Stat. 97, 6/13/62, P.L. 87-483:																		
Navajo project participating agreement	10-06-4079-0-3	(32,800)	(17,440)	(20,600)	do	do	(32,800)			(17,440)	(20,600)							
Contract authority	10-06-4079-0-3	12,500	19,500		Permanent	do	12,500	19,500		19,500								
Total—301, Colorado River Basin project		35,500	48,705	73,420			35,500	48,740	59,300	48,705	73,420		44,483	46,145	71,000	57,000	80,000	
COLORADO RIVER BASIN SALINITY CONTROL PROGRAM																		
88 Stat. 266, 6/24/74:																		
Title I—Regular construction	10-06-0663-0-1	26,000	18,085	42,600	No year	Not available	26,000	18,085		18,085	42,600							
Title II—Advance planning	10-06-0663-0-1	1,650	1,585	520	do	do	1,650	1,585		1,585	520							
Total—Colorado River Basin salinity control program.		27,650	19,670	43,120			27,650	19,670	30,000	19,670	43,120	44,700	5,774	25,120	35,000	40,000	40,000	41,580
LOAN PROGRAM																		
Distribution System Loans Act, 69 Stat. 244, 7/4/55, P.L. 84-130:																		
Kanawha Water District	10-06-0667-0-1	808			No Year	Not available	800											
San Luis Water District	10-06-0667-0-1	3,484	3,161	1,500	do	do	3,484	3,161		1,511	1,500							
Small Reclamation Projects Act, 70 Stat. 96, 6/13/62, P.L. 84-984:																		
Cameron County Water Control and Improvement District No. 5.	10-06-0667-0-1	113			do	do	113											
70 Stat. 1044, 8/6/56, P.L. 94-984:																		
Hidalgo and Willacy County WCID No. 1	10-06-0667-0-1	660	600	533	do	do	660	600		600	533							
Roy Water Conservancy Subdistrict (supplemental).	10-06-0667-0-1	2,650	520		do		2,650	520		520								
80 Stat. 477, 9/2/66, P.L. 94-984:																		
Pond-Poso Improvement District	10-06-0667-0-1	1,900	3,698	264	do:	do	1,900	3,689		5,539	264							
Yolo County Flood Control and Water Conservation District.	10-06-0667-0-1	392			do	do	392											
La Branza Water District	10-06-0667-0-1	300	1,500		do	do	300	1,500		1,500								
Graham-Curtis project	10-06-0667-0-1	1,180	1,355		do	do	1,180	1,355		1,335								
Central Nebraska Public Power and Irrigation District.	10-06-0667-0-1	1,500	4,367	2,660	do	do	1,500	4,367		4,660	2,660							
Mitchell Irrigation District	10-06-0667-0-1	344			do	do	344											
Water supply and storage	10-06-0667-0-1	258	58		do	do	258	58		58								
89 Stat. 1041 12/26/75, P.L. 94-984:																		
Buttonwillow supplemental	10-06-0667-0-1		500	1,500	do	do				500	1,500							
Buffalo Rapids	10-06-0667-0-1		400	215	do	do				400	215							
Farmington Pressurized Irrigation District	10-06-0667-0-1		900		do	do				900								
Nevada Irrigation District	10-06-0667-0-1		1,600		do	do				1,600								
Small Reclamation Projects Act, 89 Stat. 1041, 12/26/75, P.L. 84-984:																		
Redwood Valley Water District	10-06-0667-0-1		2,000	2,100	do	do				2,000	2,100							
Wenatchee Heights Reclamation	10-06-0667-0-1		250	195	do	do				250	195							
Valley Center Water District (supplemental)	10-06-0667-0-1		1,500	1,500	do	do				1,500	1,500							
Administration of the loan program	10-06-0667-0-1	236	265	338	do	do	236	265		265	338							
Underfinancing				−32	do	do				−493	−32							
Total—301, Loan Program		13,825	22,665	10,773			13,825	15,515	13,800	22,665	10,773	20,795	13,801	14,855	12,000	21,680	13,510	23,532

See footnotes at end of table.

HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS—Continued

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction—Continued

Function, subfunction, act, title, section, program name, and administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Required reports	Budget authority (dollars in thousands)						Outlays (dollars in thousands)					
							FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977	FY 1975 amount	Current services budget for FY 19 7		President's budget for FY 1977		Committee change, 197
		FY 1975	FY 1976	FY 1977				1976 estimate	1977 estimate	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)—Continued																		
Water Resources and Power (301)—Continued																		
LOAN PROGRAM—Continued																		
AUTHORIZED PROJECTS WITH NO FISCAL YEAR 1975 CONSTRUCTION FUNDS																		
Flood Control Act of 1944, 58 Stat. 887, 12/2/44, P.L. 78-534: Lower Marias unit (inactive).	10-06-5061-0-2																	
70 Stat. 32, 3/1/56, P.L. 84-423: Ventura River project.	10-06-5061-0-2																	
72 Stat. 17, 2/20/58, P.L. 85-333: McMillan Delta project (inactive).	10-06-5061-0-2																	
78 Stat. 942, 9/12/64, P.L. 88-594: Pecos River Basin water salvage (inactive)	10-06-5061-0-2																	
79 Stat. 1068, 10/22/65, P.L. 89-292: Southern Nevada water supply, State II.	10-06-5061-0-2																	
83 Stat. 106, 8/25/69, P.L. 91-66: Yakima Project, Kennewick Division extension.	10-06-5060-0-2																	
84 Stat. 273, 5/28/70, P.L. 91-270: Rouge River Basin—Merlin Division.	10-06-5061-0-2																	
84 Stat. 409, 7/7/70, P.L. 91-307: Walla Walla, Touchet Division.	10-06-5061-0-2																	
Reclamation Project Authorization Act of 1972, 86 Stat. 964, 10/20/72:																		
P.L. 92-371:																		
Nebraska mid-State	10-06-5061-0-2																	
North Loup Division	10-06-5061-0-2																	
O'Neill unit	10-06-5061-0-2																	
P.L. 92-514: San Luis Valley, closed basin	10-06-5061-0-2																	
The Reclamation Development Act of 1974:																		
88 Stat. 1495, 10/27/74, P.L. 93-493: Belle Fourche Dam rehabilitation.	10-06-5061-0-2																	
88 Stat. 1491, 10/27/74, P.L. 93-493: Cibolo project.	10-06-5061-0-2																	
88 Stat. 1496, 10/27/74, P.L. 93-493: Nueces River project.	10-06-5061-0-2																	
88 Stat. 1498, 10/27/74, P.L. 93-493: Rogue River Basin—Grants Pass Division.	10-06-5061-0-2																	
Lower Colorado River Basin Development Fund, 78 Stat. 848, 9/30/68, P.L. 90-537: Dixie project.	10-06-4079-0-3																	
Upper Colorado River Storage Project Act, 82 Stat. 885, 9/30/68, P.L. 90-537:																		
Dolores advance planning	10-06-4081-0-3																	
San Miguel advance planning	10-06-4081-0-3																	
Animas-La Plata advance planning	10-06-4081-0-3																	
West Divide advance planning	10-06-4081-0-3																	
86 Stat. 525, 8/10/72, P.L. 92-370: Seedskadee project (inactive).	10-06-4081-0-3																	
Public Works for Water and Power Development and Atomic Energy Appropriation Act, 1975, 43 U.S.C. 491, 32 Stat. 389: Operation and maintenance.	10-06-5064-0-2	97,000	132,162	143,000	No year	Not available	97,000	131,810		132,162								
Supplemental Appropriation Act, 1975: Purchase power and wheeling.	10-06-5064-0-2	3,800			do	do	3,800											
Total—Operation and Maintenance		100,800	132,162	143,000			100,800	131,810	147,700	132,162	143,000		102,178	127,060	146,000	127,412	142,850	

GENERAL INVESTIGATIONS																		
Public Works for Water and Power Development and Atomic Energy Commission Appropriation Act, 1975:																		
32 Stat. 388, 6/17/02 (43 U.S.C. 391): Plan formulation.	10-06-0660-0-1	10,873	11,024	11,262	No year	Not available	10,873	10,617		11,024	11,262							
78 Stat. 328, Sec. 104 (43 U.S.C. 391): General engineering and research.	10-06-0660-0-1	6,859	8,111	7,977	do	do	6,859	8,111		8,111	7,977							
82 Stat. 885, 9/30/68 (43 U.S.C. 391): Geothermal investigations.	10-06-0660-0-1	1,295	1,227	1,237	do	do	1,295	1,227		1,227	1,237							
Fish and Wildlife Coordination Act of 1958, 72 Stat. 563-565 16 U.S.C. 662(d): Sport Fish and Wildlife.	10-06-0660-0-1	400	530	554	do	do	400	530		530	554							
Total—301, General Investigations		19,427	20,892	21,030			19,427	20,485	20,485	20,892	21,030	24,717	18,710	22,432	22,432	22,699	21,060	24,747
Act of April 19, 1945, 43 U.S.C. 377: General administrative expenses.	10-06-5065-0-2	20,920	[4] 21,890	22,600	No year	Not available	20,920	21,420	21,800	[4] 21,890	22,600		20,622	21,373	22,000	21,955	22,804	
43 U.S.C. 395-396: Trust funds	10-06-8070-0-7	2,922	12,285	29,000	Permanent	do	8,274	11,385	28,400	12,285	29,000		3,251	11,500	23,000	12,400	24,600	
Act of June 26, 1948, 43 U.S.C. 502: Emergency funds.	10-06-5043-0-2	600	1,000	1,000	No year	do	600	1,000	1,000	1,000	1,000		448	1,000	1,000	1,000	1,000	
75 Stat. 294, 8/8/61, P.L. 87-128: Consolidated working fund.	10-06-3906-0-4				do	do							−184					
62 Stat. 36, 2/17/48, ch. 75, 43 U.S.C. 833a, P.L. 420: Continuing fund for emergency expenses, Fort Peck project.	10-06-4551-0-3				do	do							−2,095					
Grand total—301, Water Resources and Power.		488,734	644,737	752,860			488,734	607,341	711,485	644,737	752,860	779,149	478,040	589,076	692,432	641,980	747,000	773,289
RECREATIONAL AND FISH AND WILDLIFE FACILITIES																		
Recreational facilities																		
Colorado River Storage Project Act, 70 Stat. 105, Apr. 11, 1956; 86 Stat. 525, Aug. 10, 1972:																		
Curecanti unit	10-06-0682-0-1	398			No year	Annual	398											
Emery County	10-06-0682-0-1	67			do	do	67											
Glen Canyon	10-06-0682-0-1				do	do												
Central Utah-Bonneville	10-06-0682-0-1	981			do	do	981											
Central Utah-Jensen	10-06-0682-0-1	9			do	do	9											
Flaming Gorge	10-06-0682-0-1	100			do	do	100											
Lyman	10-06-0682-0-1	15			do	do	15											
National Fish Hatcheries	10-06-0682-0-1	55			do	do	55											
Navajo Units	10-06-0682-0-1				do	do												
San Juan-Chama	10-06-0682-0-1	10			do	do	10											
Seedskadee	10-06-0682-0-1	19			do	do	19											
Total—303, Recreational and Fish and Wildlife Facilities.		1,654	2,992	4,131			1,654	1,525	3,600	2,992	4,131	5,898	1,061	995	3,200	2,720	1,410	3,177
REVENUE SHARING AND GENERAL PURPOSE FISCAL ASSISTANCE (850)																		
Other General Purpose Fiscal Assistance (852)																		
Other miscellaneous appropriations (43 U.S.C. 618a(b)) Public Law 76-756; (43 U.S.C. 618a (c)) Public Law 76-756; (66 Stat. 755); (62 Stat 273, as amended); (78 Stat. 850); (64 Stat. 689)	10-06-9999-0-2	2,704	3,000	3,000	Permanent	Not available	2,704	3,000	3,000	3,000	3,000		2,754	3,000	3,000	3,000	3,000	
				3,000														
Total—All Appropriations		493,092	650,729	759,991			493,092	611,866	718,085	650,729	759,991	788,047	481,855	602,071	698,632	647,700	751,410	779,466

See footnotes at end of table.

HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS—Continued

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction—Continued

Function, subfunction, act, title, section, program name, and administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Required reports	Budget authority (dollars in thousands)						Outlays (dollars in thousands)					
		FY 1975	FY 1976	FY 1977			FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977	FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977
								1976 estimate	1977 estimate	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300) [4]																		
Water Resources and Power (301)																		
OFFICE OF WATER RESEARCH AND TECHNOLOGY																		
Saline Water Conversion Act of 1971, P.L. 92-60 as amended, 42 U.S.C. 1959, 85 Stat. 159, sec. 10(a):																		
Saline water conversion:																		
(1) Research expense	10-12-0115-0-1	2,300	4,100	----------	End of fiscal year 1977.	Sec. 8—Report to President and Congress, Dec. 31, 1975.	800	1,410	1,410	1,410	----------		1,900	1,000	1,000	1,040	----------	
(2) Development expense	----------	6,084	----------	----------	----------	----------	1,600	500	500	900	----------		3,200	1,000	1,000	2,053	----------	
(3) Design, construction, acquisition, modification, operation, and maintenance of SWC test beds and test facilities.	----------	2,626	----------	----------	----------	----------	1,676	250	250	250	----------		2,185	903	903	350	----------	
(4) Design, construction, acquisition, modification, operation, and maintenance of SWC modules.	----------	900	----------	----------	----------	----------	588	----------	----------	----------	----------		540	----------	----------	----------	----------	
(5) Administration	----------	2,000	----------	----------	----------	----------	1,243	840	840	840	----------		1,043	840	840	800	----------	
Total	----------	13,910	4,100	----------	----------	----------	5,907	3,000	3,000	3,400	----------		8,868	3,743	3,743	4,243	----------	
Water Resources Research Act of 1964, P.L. 88-379 as amended, 42 U.S.C. 1961, 78 Stat. 329:																		
Title I, State Water Resources Research Institutes:																		
Sec. 100: State water resources research institutes.	10-12-0115-0-1	13,500	13,500	13,500	No date specified Title II, end of fiscal year 1976.	----------	5,730	5,730	5,730	5,730	5,730		5,730	5,730	5,730	5,730	5,730	
Sec. 101: Matching grants	----------	5,000	5,000	5,000	----------	----------	3,000	3,000	3,000	3,000	3,200		3,000	3,000	3,000	3,000	3,000	
Title II, Additional water resources:																		
Sec. 200:																		
Research programs	----------	10,000	10,000	----------	----------	----------	3,170	3,664	3,690	3,353	4,450		3,432	3,664	3,664	3,107	3,680	
Technology development	----------	----------	----------	----------	----------	----------	----------	640	640	340	5,500		----------	640	640	600	2,500	
Title III, Miscellaneous provisions:																		
Sec. 304:																		
Scientific Information Center	----------	No amount specified		----------	No date specified.	Sec. 307, annual report to President and Congress by Oct. 1.	940	980	980	986	1,100		940	980	980	980	1,000	
Administration	----------	----------	----------	----------	----------	----------	1,045	1,313	1,410	1,371	2,293		1,045	1,313	1,343	1,340	2,290	
Total	----------	28,500	28,500	18,500	----------	----------	13,885	15,327	15,450	14,780	22,273		14,147	15,327	15,357	14,757	18,200	
Cooperation with foreign agencies	10-12-8036-0-7	----------	----------	----------	Permanent	----------	−7	----------	----------	----------	----------		195	----------	----------	----------	----------	
Consolidated working fund	10-12-3930-0-4	----------	----------	----------	No year	----------	----------	----------	----------	----------	----------		42	23	----------	23	----------	
Total Function 300 and Subfunction 301	----------	42,410	32,600	18,500	----------	----------	19,785	18,327	18,450	18,180	22,273		23,252	19,093	19,100	19,023	18,200	

BONNEVILLE POWER ADMINISTRATION [7]																		
Bonneville Project Act (as amended), P.L. 75-329, sec. 11, 50 Stat. 731, 16 U.S.C. 832j:		Amount provided by annual appropriation acts																
Construction	10-64-0326-0-1	do			No date specified		66,679						40,711					
Operation and maintenance	10-64-0328-0-1	do			do		11,243						11,909					
Continuing fund	10-64-5652-0-2	do			do		0						500					
Trust fund	10-46-8178-0-7	do			Permanent		7,149						10,261					
Federal Columbia River Transmission System Act, P.L. 93-454, sec. 11, 88 Stat. 1376, 16 U.S.C. 838i:																		
Construction, operation, and maintenance; purchase power, and wheeling; associated project costs; contingencies, and reimbursable programs.							94,078						100,997					
							94,078						100,997					
Authority to spend public debt receipts		1,250,000			No date specified		1,250,000						0	−68,300	−29,000	−66,000	−15,130	
Total, Natural Resources Environment and Energy.		1,250,000					1,429,149						164,378	−68,300	−29,000	−66,000	−15,130	
ALASKA POWER ADMINISTRATION																		
Act of August 9, 1955, 69 Stat. 618, P.L. 534 (78th Cong.), Flood Control Act of 1944, 16 U.S.C.—825s, secs. 5 and 8: General investigations.	10-62-1501-0-1	(8)	(8)	(8)		None	540	540	550	652	763		611	611	550	705	763	
The Eklutna Project Act of July 31, 1950, as amended by 67 Stat. 574-575: Operation and maintenance.	10-62-1500-0-1					do	760	760	1,100	838	1,164		728	728	1,100	840	1,164	
The Flood Control Act 1962, Section 204 (Crater-Long Lakes Division; Snettisham Project.) 76 Stat. 1193:																		
Consolidated working fund	10-62-3915-0-4-301				Permanent								−35			35		
Total, Function 300/301							1,300	1,300	1,650	1,490	1,927		1,304	1,339	1,650	1,510	† 1,927	
SOUTHEASTERN POWER ADMINISTRATION																		
P.L. 534 (78th Cong.), Flood Control Act of 1944, 16 U.S.C.—825s, sec. 5:																		
Operation and maintenance	10-68-0573-0-1	Unspecified			No year	None	946	946	1,070	1,000	1,106		953	953	1,070	995	1,104	
Continuing fund (authorized to be maintained by Treasury from receipts).	10-68-5653-0-2	50	50	50	Permanent	do	108						108					
Total, Function 300/301							1,054	946	1,070	1,000	1,106		1,061	953	1,070	995	1,104	
SOUTHWESTERN POWER ADMINISTRATION																		
P.L. 534 (78th Cong.), Flood Control Act of 1944, 16 U.S.C.—825s, sec. 5:																		
Construction	10-72-0274-0-1	Unspecified			No year	None	620	620	900	680	960		375	375	900	680	959	
Operation and maintenance	10-72-0277-0-1	do			do	do	5,795	5,795	6,000	6,081	7,821		3,620	3,620	6,000	6,079	7,816	
Continuing fund (authorized to be maintained by Treasury from receipts).	10-72-5649-0-2	300	300	300	Permanent	do	65						65					
Total, Function 300/301							6,480	6,415	6,900	6,761	8,781		4,060	3,995	6,900	6,759	8,775	
WATER RESOURCES COUNCIL																		
P.L. 89-80; 79 Stat. 224; Water Resources Planning Act of 1965, 42 U.S.C. 1962-1962d-3:																		
Title I—Water Resources Council:																		
Sec. 101: Administration and coordination of the act.	33-35-0100-0-1	1,500	1,500	1,500	No year		1,242	1,396	1,396	1,300	1,748		843	1,396	1,396	(14)	(14)	
Secs. 102, 103, 104: Comprehensive planning.	33-35-0100-0-1	3,500	10,000		June 30, 1977		2,183	(12)	(12)	3,068	5,217		3,068	(12)	(12)	(14)	(14)	
Title II—River Basin Commissions:																		
Secs. 201-206: [9] River basin commissions	33-35-0100-0-1	[10] 6,000	[10] 6,000	[10] 6,000	No year	Annual	1,350	1,354	1,354	1,354	2,500		1,388	1,354	1,354	(14)	(14)	
Sec. 207a: River basin commissions—Trust funds.	33-35-9999-0-7	Sec. 207a of P.L. 89-80 states that "All sums appropriated to or otherwise received by a commission shall be credited to the commission's account in the Treasury of the United States." These funds are a combination of Federal, State, and other source funds.			Permanent	Upon completion.[13]	3,806	2,904	2,904	4,552	6,692		3,694	3,812	3,812	5,249	6,702	
Title III—Financial assistance to States: Planning grants to States.	33-35-0100-0-7	5,000	5,000	5,000	June 30, 1978		5,000	5,000	5,000	5,000			4,165	5,000	5,000	(14)	(14)	
86 Stat. 816; P.L. 92-500; Federal Water Pollution Control Act amendments; 33 U.S.C. 1257:																		
Comprehensive planning	33-35-0100-0-1	200,000			Jan. 1, 1980	Annual		(15)	(15)	(15)	(15)		(15)	(15)	(15)	(15)	(15)	
Consolidated working fund	33-35-3901-0-4	None specifically authorized			No year								63					
Total, Subfunction 301							13,582			15,274	16,157	21,157	13,221			16,992	16,167	21,167

See footnotes at end of table.

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction—Continued

Function, subfunction, act, title, section, program name, and administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands) FY 1975	FY 1976	FY 1977	Authorization termination date	Required reports	Budget authority (dollars in thousands) FY 1975 amount	Current services budget for FY 1977 1976 estimate	Current services budget for FY 1977 1977 estimate	President's budget for FY 1977 1976 estimate	President's budget for FY 1977 1977 estimate	Committee change, 1977	Outlays (dollars in thousands) FY 1975 amount	Current services budget for FY 1977 1976 estimate	Current services budget for FY 1977 1977 estimate	President's budget for FY 1977 1976 estimate	President's budget for FY 1977 1977 estimate	Committee change, 1977
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)—Continued																		
Recreational Resources (303)																		
BUREAU OF OUTDOOR RECREATION																		
Land and Water Conservation Fund Act of 1965 (P.L. 88-578 as amended; 78 Stat. 897; 9/3/64; 16 U.S.C. 460l-4-11).	10-16-5005-0-2		(16)		End of fiscal year 1989.[17]	Federal recreation fees report, 16 U.S.C. 460l-6a(g), annually.												
Title I:																		
Sec. 6: Financial assistance to States					do.[17]	None	179,880	175,840	175,840	[22] 175,773	175,516		156,577	171,000	158,000	159,733	158,000	
Sec. 7: Federal land acquisition					do.[17]	Quarterly [18]	121,032	117,920	117,920	[22] 126,000	117,759		120,881	150,000	165,760	133,914	164,275	
Sec. 9: Contract authority for Federal land acquisition.					do.[17] (permanent)	None	30,000	30,000	30,000	30,000	30,000		0	0	0	0	0	
Implied by act as a whole: Administrative expenses.					do.[17]	do	6,580	6,240	6,240	[22] 6,353	6,725		6,159	6,240	6,240	6,353	6,725	
Total, L&WCF							337,492	330,000	330,000	338,086	330,000		283,617	327,240	330,000	300,000	329,000	
Organic Act (P.L. 88-29; 77 Stat. 49; 5/28/63; 16 U.S.C. 460l-460l-3); sec. 2(b):																		
Salaries and expenses	10-16-0700-0-1	Unspecified [19]			No year	Every 5 years, annually.[21]	5,380	5,450	5,450	[22] 5,897	6,187		5,251	5,645	5,645	5,892	6,188	
Donations from non-Federal entities	10-16-8058-0-7	Nonappropriated				None	0	0	0	0	0		0	0	0	0	0	
Consolidated working fund	10-16-3907-0-4	do				do	0	0	0	0	0		2	0	0	0	0	
Total, 300/303							342,872	335,450	335,450	343,983	336,187		288,870	332,885	335,645	305,892	335,188	
NATIONAL PARK SYSTEM																		
P.L. 91-383; 84 Stat. 825; 16 U.S.C. 1, 1b, 1c:																		
Operation of the National Park System	10-24-1036-0-1	Such sums as may be necessary			No year		220,038	191,563	231,828	251,486	272,614		224,125	226,210	243,037	240,600	273,252	
16 U.S.C. 6: National Park Service, donations.	10-24-9999-0-7	do			Permanent		1,702	2,997	2,997	2,997	2,997		2,035	2,997	1,497	2,997	1,597	
16 U.S.C. 17 k, l, m, n: Planning and construction.	10-24-1039-0-1	do			No year		59,221	52,468	63,298	25,855	31,902		54,922	56,356	60,563	53,493	53,282	
Volunteers-in-Parks Act of 1969, P.L. 91-357, sec. 4; 84 Stat. 472; VIP; 16 U.S.C. 18j: Volunteers-in-parks.	10-24-1036-0-1	100	250	0	do		100	250	250	250	250		84	243	243	243	243	
Federal Water Project Recreation Act, 79 Stat. 213: Water resources.	10-24-1039-0-1	Not more than ½ the separable costs and all the joint costs of the project allocated to recreation and fish and wildlife enhancement.			do		716	685	685	685	685		695	651	651	651	651	
Ice Age National Scientific Reserve, P.L. 91-483, sec. 5: Statutory or contractual aid for ice age national scientific reserve.	10-24-1039-0-1	Up to 50 percent of annual costs of management, protection, maintenance, and rehabilitation of the reserve.			do		279	279	279	279	378		279	279	279	279	378	
Roosevelt Campobello International Park, P.L. 88-363; sec. 14; 78 Stat. 301; Roosevelt Campobello International Park statutory or contractual aid for.	10-24-1039-0-1	Such sums as may be necessary.			do		196	196	196	396	235		196	196	196	396	235	
Historic Preservation Act of 1966:																		
Title 1, P.L. 89-665, sec. 108; Historic Preservation, 80 Stat. 917: Grants-in-aid.	10-24-1040-0-1	20,000	24,400	0	Sept. 30, 1976		20,000	20,000	20,000	20,000	10,000	24,400	9,595	13,124	25,359	12,633	16,725	30,000
Title II, sec. 205; 80 Stat. 810; Advisory Council on Historic Preservation support.	10-24-1040-0-1	Such sums as may be necessary.			No year		558	564	564	564	564		530	536	536	536	536	
Historic Sites Act of 1935:																		
49 Stat. 666: Historic sites survey; historic American buildings survey; historic American engineering record.	10-24-1040-0-1	do			do		1,286	2,089	2,089	1,446	1,296		1,222	1,985	1,985	1,374	1,231	
P.L. 93-291, sec. 7; 88 Stat. 175; Preservation of historical and archeological data; 16 U.S.C. 469c: Historic preservation and special studies.	10-24-1040-0-1	3,000	4,500	4,500	Sept. 30, 1978		2,632	1,847	1,847	2,656	2,640		2,500	1,755	1,755	2,523	2,508	

Special Recreation Use Fees: Title I, P.L. 90-401; 82 Stat. 354, 355; Land and Water Conservation Fund Act; 16 U.S.C. 451, 16 U.S.C. 460-l: Planning, development, and operation of recreation facilities.	10-24-5006-0-2	Revenues collected in the special account from entrance fees shall be available for appropriation as determined by Congress.			No Year		11,739	14,000	8,700	14,000	14,000		18,284	12,000	10,000	9,659	13,500
Yellowstone National Park: P.L. 604 of June 4, 1948, sec. 3; 16 U.S.C. 40a-40c: Education expenses, children of employees, Yellowstone National Park.	10-24-9998-0-2	Payments for any school year shall not exceed that part of the cost of operating and maintaining such facilities which number of pupils bears to whole number of pupils.			Permanent		256	295	295	295	295		202	295	295	259	295
Grand Teton Park: P.L. 80-787, sec. 5; 64 Stat. 851: Grand Teton National Park: Payment for tax losses on land acquired for.	10-24-9998-0-2	5 percent less than full amount of tax that would have been collected under Wyoming's jurisdiction.			do		21	25	25	25	25		41	25	25	25	25
Independence National Historical Park	10-24-9998-0-2				do											36	
Preservation, birthplace of Abraham Lincoln: P.L. 92-127; sec. 3, 84 Stat. 1894; Lincoln Home National Historic Site.	10-24-9999-0-7				do		3	3	3	3	3			3	3	3	3
Consolidated working funds	10-24-3910-0-4	Advances from other agencies			No year								−77				
Total, Function 300/303							318,747	287,261	333,056	320,937	337,884		314,633	316,655	346,424	325,707	364,461
COMMUNITY AND REGIONAL DEVELOPMENT (450)																	
Community Development (451)																	
PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION [37]																	
P.L. 92-578; 86 Stat. 1226: Pennsylvania Avenue Development Corporation Act of 1972, as amended, 40 U.S.C. 871-885: [38] Sec. 5(a): Planning for Pennsylvania Avenue Development.	32-08-0100-0-1	[34] 824	(35)	(35)	June 30, 1975, under continuing resolution until new legislation is enacted.		(35)	(35)	(35)	(35)			(35)	(35)	(35)		
Sec. 6(10): Project development (financing, acquiring, constructing, reconstructing, and managing buildings and property).	32-08-0100	A one time authorization of $50,000 to set up a loan fund to borrow from U.S. Treasury.									25,000						
Sec. 17: Salaries and expenses (executive direction).	32-08-0100						824	824	824	824	1,245		841	811	811		
Total, Subfunction 451							824	824	824	824	26,425		841	811	811	905	21,196
NATURAL RESOURCES ENVIRONMENT, AND ENERGY (300)																	
Recreational Resources (303)																	
DOD CORPS OF ENGINEERS																	
Land and water conservation fund as amended, 78 Stat. 897, 16 U.S.C. 4601: Sec. 4 (Golden Eagle report program) (b). Special recreation use fees.	08-10-5007-0-2	No amount specified			No date specified.		700	1,900	1,900	1,200	3,100		819	1,800	1,800	1,000	2,500
GEOLOGICAL SURVEY																	
Water Resources and Power (301)																	
30 U.S.C. 229 a (48 Stat. 977) 43 U.S.C. 300 (39 Stat. 865 and 45 Stat. 1144): Payments from proceeds, sale of water	10-28-5062-0-2-301	Unspecified			Permanent	(39)	1										

See footnotes at end of table.

HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS—Continued

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction—Continued

Function, subfunction, act, title, section, program name, and administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Required reports	Budget authority (dollars in thousands)						Outlays (dollars in thousands)					
		FY 1975	FY 1976	FY 1977			FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977	FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977
								1976 estimate	1977 estimate	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)—Continued																		
GEOLOGICAL SURVEY—continued																		
Other Natural Resources (306)																		
Organic Act, U.S. Geological Survey, title 43, U.S.C. 31. From Act of Mar. 3, 1879 and secs. 1 and 2 of P.L. 87-626:																		
1. Alaska Pipeline related investigations	10-28-0804-0-1-306	Unspecified			No year		354	311	311	319	321		310	300	300	315	321	
2. Topographic surveys and mapping							45,350	45,799	45,799	45,414	47,482		40,550	45,350	45,350	44,970	47,490	
3. Geologic and mineral resource surveys and mapping.							88,968	87,061	87,061	92,859	86,052		79,865	86,200	86,200	91,960	86,060	
4. Water resources investigations							53,878	54,063	54,063	58,342	57,382		48,130	53,600	53,600	57,780	57,390	
5. Conservation of lands and minerals							36,032	38,830	53,090	44,512	63,079		32,220	38,500	52,760	44,080	63,084	
6. General administration							3,269	3,852	3,852	3,887	3,647		2,920	3,770	3,770	3,850	3,650	
7. Facilities							10,834	9,027	9,027	9,029	9,448		9,230	9,000	9,000	8,940	9,450	
8. Land information and analysis							15,461	15,536	15,536	18,137	16,897		13,823	15,400	15,400	17,965	16,900	
43 U.S.C. 45: Consolidated working fund	10-28-3906-0-4-306	Unspecified			No year								−1,958					
Total, Subfunction 306							254,146	[30] 254,479	268,739	272,499	284,308		224,190	252,120	266,380	269,860	284,345	
Total, Function 300							254,147	[30] 254,479	268,739	272,499	284,308		224,190	252,120	266,380	269,860	284,345	
BUREAU OF MINES																		
Energy (305)																		
P.L. 61-179 as amended by P.L. 62-386; 30 U.S.C. 1-11, Organic Act, Bureau of Mines, secs. 2, 3: Bureau of Mines energy programs.	10-32-0959-0-1	No specific amount			No year		59,100	50,350	50,350	61,837	65,606		21,082	47,048	47,048	52,260	63,342	
Other Natural Resources (306)																		
P.L. 61-179 as amended by P.L. 62-386; 30 U.S.C. 1-11: Organic Act, Bureau of Mines, secs. 2, 3: Bureau of Mines natural resources program.	10-32-0959-0-1	do			do		60,486	53,673	53,673	64,589	56,488	71,488	66,383	57,587	57,591	59,121	61,153	76,153
P.L. 91-631; 30 U.S.C. 21a: Mining and Minerals Policy Act, sec. 2: Report only.						Annual												
P.L. 83-738; 30 U.S.C. 551-558: Control of Coal Mine Fires, sec. 3: Control of coal mine fires.	10-32 0959-0-1	500	500	500	do		237	237	237	242	245		178	178	178	240	240	
P.L. 88-577; 16 U.S.C. 1131-1136: Wilderness Act, sec. 4: Wilderness mineral evaluation.	10-32-0959-0-1	No specific amount			do	Annual	1,364	1,364	1,364	2,866	2,430		1,320	1,320	1,320	2,200	2,400	
P.L. 84-162 as amended by P.L. 87-818; 30 U.S.C. 571: Anthracite Mine Drainage, sec. 2: Drainage of anthracite mines.	10-32-9999-0-1	(31)			do								64	200	200	200	200	
P.L. 86-777; 50 U.S.C. 167-167n: Helium Act, secs. 3, 4, 12: Helium fund.	10-32-4053-0-3	[32] 47,500	47,500	47,500	Permanent	Annual	47,500		47,500		[33] 47,500		−455	43	312	43	312	
Consolidated working fund: Natural resources program.	10-32-3909-0-4	No specific amount			No year								−2,929	594	1,688	594	1,688	
Contributed funds: Natural Resources program	10-32-8287-0-7	do			Permanent		610	485	600	485	600		468	485	600	485	600	
Total, Subfunction 306							62,697	55,759	59,763	68,182	59,763		65,029	60,407	61,889	62,883	66,593	
Total, Function 300							121,797	106,109	125,369	130,019	125,369		86,111	107,455	108,937	115,143	129,935	

BUREAU OF INDIAN AFFAIRS																		
Conservation and Land Management (302)																		
Forest Management, 25 U.S.C. 466; Snyder Act, 25 U.S.C. 13; Mineral lands, 25 U.S.C. 399; Mining lands, 25 U.S.C. 396: Forestry and agriculture, minerals and mining, irrigation and power (forestry; agriculture; irri-power; minerals; mining.)	10-76-2100-0-1	Unspecified					31,652	30,651	30,651	36,026	34,154		30,559	30,651	30,651	35,431	34,400	
COMMUNITY AND REGIONAL DEVELOPMENT (450)																		
Area and Regional Development (452)																		
Snyder Act, 25 U.S.C. 13: Indian services (aid to tribal government; social services; law enforcement; housing.)	10-76-2100-0-1	do					98,703	98,703	98,703	139,781	154,735	157,168	95,713	98,703	98,703	141,909	155,492	157,925
Tribal resources development: Indian Financing Act, 25 U.S.C. 1521 (business enterprise); Revolving Fund, 25 U.S.C. 482 (credit); Vocational Training, 25 U.S.C. 309 (direct employment); Indian Reservation Roads, 25 U.S.C. 318a (roads maintenance); Vocational Training, 25 U.S.C. 309 (Indian action program).	10-76-2100-0-1	do					43,908	43,908	43,908	52,552	54,590	57,590	42,414	43,908	43,908	51,848	54,769	57,269
Trust responsibilities: Snyder Act, 25 U.S.C. 13 and NEPA Act of 1969 (Indian rights protection); Snyder Act, 25 U.S.C. 13 and 151 (real estate and financial trust services).	10-76-2100-0-1	do					18,661	18,661	18,661	22,394	24,010	25,162	18,026	18,661	18,661	22,094	24,089	25,241
General management and facilities operation: Snyder Act, 25 U.S.C. 13 (management and administration); Safety Program, 5 U.S.C. 7902 (program support services); Employment Compensation, P.L. 86-767 (program support services); Snyder Act, 25 U.S.C. 13 (facilities management).	10-76-2100-0-1	do					66,513	66,513	66,513	73,746	76,174		64,250	66,513	66,513	72,759	76,423	
Construction: Snyder Act, 25 U.S.C. 13: Indian Self-Determination and Education Assistance Act, P.L. 93-638:																		
Irrigation systems	10-76-2301-0-1	do					26,435	30,400	30,400	31,650	29,600		26,736	26,000	26,000	29,283	26,198	
Buildings and utilities		do					38,369	31,000	31,000	47,522	16,663	22,663	33,668	46,000	44,000	43,963	87,539	93,539
Indian reservation roads, road construction	10-76-2364-0-1	do							27,205		37,205						21,205	27,805
Miscellaneous appropriations: Act of Feb. 19, 1831; Act of Nov. 11, 1974; Treaty of Sept. 24, 1857; Act of Mar. 2, 1889 (claims and treaty obligations—Senecas of New York, Six Nations of New York, Pawnees of Oklahoma, Benefit claims of Sioux Indians). Maintenance Charges, 25 U.S.C. 385 (operation and maintenance of Indian irrigation systems). Revenue from Power, 60 Stat. 895 and 65 Stat. 254 (Power systems, Indian irrigation projects).	10-76-9999-0-2	do			Permanent		14,010	12,666	12,666	12,666	12,666		13,000	12,800	12,800	13,000	12,800	
Revolving fund, 25 U.S.C. 482, Indian Financing Act of 1974, P.L. 93-262: Revolving fund for loans.	10-76-4409-0-3	do					38,000	12,000		3,000			7,126	30,000	4,536	30,000	4,536	
Indian Financing Act of 1974, P.L. 93-262: Indian Loan Guaranty and Insurance Fund.	10-76-4410-0-3	do					20,000	20,000	20,000	10,000	20,000		97	3,833	6,573	4,267	6,573	
Transfer from Housing and Home Finance Agency, Aug. 28, 1958, P.L. 85-806: Liquidation of Hoonah Housing.	10-76-4320-0-3	do											4	13	13	13	13	
Tribal Funds, 25 U.S.C. 123, 155 and 451: Trust funds.	10-76-9998-0-7	do			Permanent		184,498	122,200	122,200	261,358	267,089		149,196	155,479	150,000	259,468	258,667	
88 Stat. 1712, P.L. 93-531, Navajo Hopi Settlement program: Operation of Indian program.	10-76-2100-0-1	do								2,115	2,040					2,087	2,047	
Intergovernmental funds: Consolidated working funds.	10-76-3920-0-4	do											1,818					
Total, Function 450/452							549,097	456,051	471,256	656,784	684,772		450,229	568,667	565,464	670,875	690,351	

See footnotes at end of table.

HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS—Continued

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction—Continued

Function, subfunction, act, title, section, program name, and administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Required reports	Budget authority (dollars in thousands)						Outlays (dollars in thousands)					
		FY 1975	FY 1976	FY 1977			FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977	FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977
								1976 estimate	1977 estimate	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
GENERAL GOVERNMENT (800)																		
Other General Government (806)																		
Alaska Native Claims Settlement Act, P.L. 92-203; Alaska Native fund.	10-76-0999-0-2	Unspecified			June 30, 1982, permanent.		73,102	72,200	32,200	82,200	32,200		73,090	72,200	32,200	84,361	32,200	
Total, Indian Affairs							753,850	558,092	534,107	775,010	751,125		553,878			790,667	756,951	
LAW ENFORCEMENT AND JUSTICE (750) [36]																		
Federal Judicial Activities (752)																		
Indian Claims Commission: Act of Aug. 13, 1946, as amended; 60 Stat. 1049; 25 U.S.C. 70; sec. 3: Hearing and adjudication of Indian claims (by tribes, groups or other identifiable bands).	31-06-0100-0-1	$1,450 (annual authorization			Apr. 10, 1977	Annually	1,324	1,324	985	1,411	1,530	1,650	1,243	1,324	1,057	1,411	1,530	1,650
Federal Law Enforcement and Prosecution (754)																		
Department of Justice/Division of Land and Natural Resources: Act of Aug. 13, 1946, as amended; 60 Stat 1049; 25 U.S.C. 70n, sec. 15: Indian claims.	11-05-0128-0-1	No amount specified in the act.			No date specified.		1,193			1,229	1,236		1,181			1,207	1,213	
COMMUNITY AND REGIONAL DEVELOPMENT (450) [37]																		
Area and Regional Development (452)																		
Joint Federal-State Land Use Planning Commission for Alaska: P.L. 92-203; 85 Stat. 688; Alaska Native Claims Settlement Act; as amended; 43 U.S.C. 1616:																		
Sec. 17(a)(9)(A): Land-use planning activities (advisory only).	33-11-0058-0-1	1,500	1,500	Not specified	June 30, 1979	(38)	693	693	60	764	60	674	277	693	110	1,617	110	674
Sec. 17(a)(9)(A): Land-use planning activities (advisory only).	33-11-8001-0-7	"Equal to the Federal contribution" permanent					[39] 588	588	60	711	60		[39] 588	588	110	711	60	
Total, Subfunction (452)							1,281	1,281	120	1,485	120		865	1,281	220	2,328	170	
GENERAL GOVERNMENT (800) [40]																		
Other General Government (806)																		
Navaho and Hopi Relocation Commission: P.L. 93-531; 88 Stat. 1712; secs. 12-15: Navaho and Hopi Relocation Commission activities.	33-12-1100-0-1		37,500	37,500	"Commission shall exist until President determines its duties have been discharged."	"Within 24 months after district court issuance of order of relocation."				12,700	500					2,500	7,500	

GENERAL GOVERNMENT (800)																	
Other General Government (806)																	
TERRITORIAL AFFAIRS																	
1. Guam Rehabilitation Act, P.L. 88-170, 82 Stat. 863: Guam (loans-grants).	10-82-0412-0-1-806				No year							3,657	4,300	4,300	5,659	3,680
2. Guam Development Fund Act of 1968, P.L. 90-601; 48 U.S.C. 1428; 82 Stat. 1172: Guam, economic development fund.	10-82-0412-0-1-806	[41] 5,000			do		500	1,000	1,000	1,000	1,000	500	1,000	1,000	1,000	1,000
3. Eastern Samoa, 48 U.S.C. 1661; 46 Stat. 4 (Ex. Ord. 10264, 6/29/51, 16 F.R. 6419): American Samoa (expenses of the Governor's Office; Chief Justice of High Court, and grants to American Samoa for support of governmental functions).	10-82-0412-0-1-806				do		14,850	14,000	14,000	21,000 4,740	20,862	15,087	15,776	15,776	17,196 1,221	22,941
Total		5,000					15,350	15,000	15,000	26,740*	21,862	19,244	21,076	21,076	25,076*	27,621
4. Continuance of civil government for Trust Territory of the Pacific Islands, Ex. Ord. No. 11021, 5/8/62, 27 F.R. 4409 Act of June 30, 1954 (68 Stat. 330; 48 U.S.C. 1681) amended P.L. 93-111; 87 Stat. 354—Pending amendment for fiscal year 1976 and 1977: Trust Territory of the Pacific islands (expenses of the High Commissioner's Office, Judiciary, Government Comptroller's Office, and grants to the Trust Territory in addition to local revenues for support of governmental functions).	10-82-0414-0-1-806	70,000	86,480	90,236	End fiscal year 1976.		68,750	68,750	69,750	76,196 7,980	82,321	69,404	77,980	70,000	83,340 5,644	80,813
5. Trust Territory Economic Development Loan Fund, P.L. 92-257; 48 U.S.C. 1688; 82 Stat. 87: Trust territory economic development loan fund.	10-82-0414-0-1-806	[42] 5,000			do		1,000	1,000		1,000		1,000	1,000		1,000	
6. Bikini ex-gratia payments, P.L. 94-34: Bikini ex gratia payments	10-82-0414-0-1-806		3,000		No year					3,000					3,000	
Total		75,000	89,480	90,236			69,750	69,750	69,750	88,176‡	82,321	70,404	78,980	70,000	89,984‡	80,813
7. Micronesian Claims Act of 1971, P.L. 92-39, title II, 85 Stat. 92: Micronesian war claims.	10-82-0416-0-1-806	[43] 20,000			No year		1,400	1,400		10,000		−177	2,977		10,000	3,033
8. Guam Elective Governor Act; P.L. 90-497; 48 U.S.C. 1422d; 82 Stat. 845: Government Comptroller for Guam.	10-82-5739-0-2-806				Permanent		625	600	600	600	256	314	600	600	680	655
Total, Function 800/806		100,000	89,480	90,236			87,125	86,750	85,350	125,644	104,439	89,785	103,633	91,676	125,861	112,127
REVENUE SHARING AND GENERAL PURPOSE FISCAL ASSISTANCE (850)																	
Other General Purpose Fiscal Assistance (852)																	
9. Internal Revenue Collections for the Virgin Islands, 26 U.S.C. 7652(b)(3) amended, P.L. 94-202: Payments to the Virgin Islands.	10-82-5738-0-2-852						16,801	18,525	18,880	18,525	18,880	16,604	17,525	17,880	31,326	18,505
10. Virgin Islands Elective Governor Act, P.L. 90-496; 48 U.S.C. 1599; 82 Stat. 840: Government Comptroller for the Virgin Islands.	10-82-5738-0-2-852						875	975	620	975	620	636	975	620	1,034	1,000
Total, Function 850/852							17,676	19,500	19,500	19,500	19,000	17,240	18,500	18,500	32,360	19,505
11. Proposed Civilian Pay Act Supplemental—All accounts.										128					121	5
Total Territorial Affairs		100,000	89,480	90,236			104,801	106,250	104,850	145,144	123,439	107,025	122,133	110,176	158,221	131,632
INTERNATIONAL AFFAIRS (150)																	
Conduct of Foreign Affairs (152)																	
Micronesian Claims Commission under the Direction of the Chairman of the Foreign Claims Settlement Commission; Micronesian Claims Act of 1971 (P.L. 92-39), title I, secs. 104 and 201: Adjudication of Micronesian claims.	30-38-0100-0-1	(44)			Oct. 16, 1976		786			754	102	697			754	102

See footnotes at end of table.

HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS—Continued

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction—Continued

Function, subfunction, act, title, section, program name, and administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Required reports	Budget authority (dollars in thousands)						Outlays (dollars in thousands)					
		FY 1975	FY 1976	FY 1977			FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977	FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977
								1976 estimate	1977 estimate	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)																		
Other Natural Resources (306)																		
OFFICE OF THE SECRETARY																		
Public Lands—Department of the Interior Establishment; 43 U.S.C. 1451; R.S. 437, 9 Stat. 395:																		
Departmental direction	10-84-0102-0-1	Unspecified			No year		8,191	8,499	8,499	7,931	8,583		8,215	8,395	8,395	7,850	8,300	
Program direction and coordination	10-84-0102-0-1	do			do		2,739	2,455	2,455	2,192	2,455		2,814	2,425	2,425	2,075	2,375	
Administrative management	10-84-0102-0-1	do			do		7,037	6,932	6,932	7,110	7,682		6,970	7,000	7,000	7,088	7,500	
General services	10-84-0102-0-1	do			do		1,872	2,093	2,093	2,051	2,377		1,965	1,920	1,920	1,950	2,321	
Office of hearings and appeals	10-84-0108-0-1	do			do		5,210	4,137	4,137	5,468	5,655		5,107	4,048	4,048	5,400	5,500	
Natural resources library	10-84-0108-0-1	do			do		1,939	1,629	1,629	2,143	2,284		1,974	1,534	1,534	2,100	2,000	
Johnny Horizon	10-84-0108-0-1	do			do		254	229	229	306	373		254	224	224	300	325	
Mutual Educational and Cultural Exchange Act of 9161, P.L. 87-256, 43 U.S.C. 1451:																		
International geothermal symposium	10-84-0108-0-1	do			do		250						250					
Office of Research and Development	10-84-0108-0-1	do			do		1,683	1,233	1,233	721	744		922	1,124	1,124	700	636	
Office of Minerals Policy Development	10-84-0108-0-1	do			do		1,277	1,058	1,058	763	858		891	900	900	650	760	
Outer Continental Shelf	10-84-0108-0-1	do			do		145	360	360	407	691		130	306	306	375	500	
World Energy Conference	10-84-0108-0-1	do			do								401					
Office of Aircraft Services	10-84-0108-0-1	do			do			1,820	1,820	2,282	1,625			1,575	1,575	2,113	1,400	
Emergency Preparedness	10-84-0108-0-1	do			do			363	363	288	465			360	360	280	400	
Purposes for which foreign currencies may be used:																		
7 U.S.C. 1704; 22 U.S.C. 1422(d): Special foreign currency	10-84-0105-0-1	do			do		192			1,494	907		136	136	69	1,180	800	
43 U.S.C. 1451: Consolidated working funds	10-84-3901-0-4	do			do								653					
43 U.S.C. 1451: Working capital fund	10-84-4523-0-4	do			do								3,495					
Subtotal, Function 306							30,789	30,808	30,808	33,156	34,699		34,177	29,947	29,880	32,061	32,817	
Subfunction 304																		
Pollution Control and Abatement; "Johnny Horizon"—Anti-Litter Symbol; P.L. 91-419; 43 U.S.C. 1451, 18 U.S.C. 714: Litter prevention and cleanup.	10-84-5031-0-2				Permanent		15	15	15	25	25		8	15	15	25	25	
Total, Function 300							30,804	30,823	30,823	33,181	34,724		34,185	29,962	29,895	32,086	32,842	
OFFICE OF THE SOLICITOR																		
Appropriation Act, 1975; Public Law 93-404, p. 920; 88 Stat. 803 (Department of the Interior and Related Agencies Appropriation Act, 1975): Legal services, salaries and expenses.	10-84-0107-0-1						11,082	11,263	11,263	11,616	12,658		10,773	11,181	11,181	11,607	12,657	
Authorization Act:																		
Public Law 448; ch. 494, 60 Stat. 312; 43 U.S.C. 1445: Solicitor; appointment; duties.	10-84-0107-0-1	Unspecified			No year													
Public Law 89-554; 80 Stat. 415; 5 U.S.C. 3105; Secs. 556, 557: Appointment of hearing examiners.	10-84-0107-0-1	do																
Total, Function 300/306							11,082	11,263	11,263	11,616	12,658		10,773	11,181	11,181	11,607	12,657	
Recreational Resources (303)																		
FISH AND WILDLIFE SERVICE																		
P.L. 92-203; 85 Stat. 688; Alaska Native Claims Settlement Act; 43 U.S.C. 1601-1624: Secs. 2(c), 14(h), 17(a), 6(b), 17(c)(1)(2), 22(e)(f)(g):																		

Management and protection of mammals and nonmigratory birds.	10-18-1611-0-1	Such sums as are necessary	No date specified.	Annual	56			58	702	55			56	681
Interpretation of wildlife resources and wildlife oriented recreation.	10-18-1611-0-1	do	do		24			25	26	23			24	25
Management and protection of migratory birds.	10-18-5137-0-1	do	do		383			402	422	287			390	409
P.L. 88-577; 78 Stat. 890, Wilderness Act of 1964, 16 U.S.C. 1131-1136, sec. 4: Habitat preservation.	10-18-1611-0-1	No funds are specifically authorized for this activity under this law. Activities are supported by other authorizations in the FWS.	do	Annually, at the opening of each session of Congress.	128			175	155	119			170	140
P.L. 88-578; 78 Stat. 897 Land and Water Conservation Fund Act of 1965; 16 U.S.C. 460-L-4-11: [44]														
Acquiring acreage for migratory birds	10-16-5005-0-2	Receipts of the fund cannot be used for these purposes unless specifically appropriated by the Congress.	June 30, 1989	Annually, made by BOR.	6,000					2,907			NA	NA
Acquiring acreage for endangered species	10-16-5005-0-2	do			1,300			6,600	4,500	630			NA	NA
Interpretation of wildlife resources and wildlife oriented recreation.	10-16-5005-0-2	do			2,194			900	1,195	1,063			NA	NA
P.L. 90-542; 82 Stat. 906 Wild and Scenic Rivers Act of 1968, 16 U.S.C., 1271-1287, sec. 10: Habitat preservation.	10-18-1611-0-1	$37,600 authorized in original act.	June 30, 1979	Oct. 2, 1979	108			108	83	105			100	81
Total, Function 300/Subfunction 303					10,193			9,188	7,083	5,189			740	1,336
GENERAL GOVERNMENT (800)														
General Property and Records Management (804)														
GENERAL SERVICES ADMINISTRATION														
Land and Water Conservation Act of 1965, as amended; P.L. 88-578; 78 Stat. 897; 16 U.S.C. 460 L-5; sec. 2:														
Disposal of surplus real and related personal property, operating expenses.	23-05-5253-0-2	Such sums as are necessary to make the total income of the account $200,000,000 per year.	June 30, 1989		7,156			6,180	6,205	5,712			6,180	6,205
Expenses, disposal of surplus real and related personal property.	23-05-5254-0-2		Permanent		915			1,500	1,000	824			1,100	1,000
Virgin Islands Corporation Act, P.L. 81-149, 63 Stat. 144; 48 U.S.C. 1407; sec. 10: Virgin Islands Corporation liquidation fund—Receiving mortgage payments.	23-35-4480-0-3	The dissolution of the Corporation provided that other Federal agencies would collect mortgage payments.	Until mortgages are paid in full.							−891			−884	−807
Total, Subfunction 800/804					8,071			7,680	7,205	5,645			6,396	6,398
Other General Government (806)														
Act of Aug. 13, 1946, as amended, 60 Stat. 1049; 25 U.S.C. 70n; sec. 15: Indian trust accounting.	23-35-0109-0-1	No amount specified in act	No date specified.		2,549			2,675	2,702	2,417			6,396	2,866
GENERAL SCIENCE, SPACE, AND TECHNOLOGY (250) **														
General Science and Basic Research (251)														
Operating:														
High energy physics	19-00-0100-0-1				136,100	NA	NA	152,820	167,500	132,177	NA	NA	148,300	162,900
Basic energy science					155,529	NA	NA	173,980	182,800	151,061	NA	NA	167,200	174,000
Space nuclear systems					27,234	NA	NA	31,500	31,000	26,528	NA	NA	28,000	30,000
Plant:														
High energy physics	19-00-0103-0-1		8,150		5,410			8,150	32,000	15,127			8,670	14,012
Basic energy science			23,050		23,690			23,050	18,300	4,897			9,394	16,388
Space nuclear systems			0		0			0	0	5,590			3,655	0
Capital Equipment Not Related to Construction:														
High energy physics					19,110			18,800	20,800	27,384			20,870	20,500
Basic energy science					11,540			13,500	15,400	9,352			11,308	14,000
Space nuclear systems					2,865			2,600	3,200	2,208			2,600	23,000
Total, Subfunction 251					381,068			424,400	481,000	374,324			399,997	454,800

See footnotes at end of table.

HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS—Continued

Budget Authority and Outlay Totals, by Function, Subfunction, and Act for Programs Under Committee Jurisdiction—Continued

Function, subfunction, act, title, section, program name, and administering agency(s)/bureau(s)	Appropriation account No.	Authorization (dollars in thousands)			Authorization termination date	Required reports	Budget authority (dollars in thousands)						Outlays (dollars in thousands)					
		FY 1975	FY 1976	FY 1977			FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977	FY 1975 amount	Current services budget for FY 1977		President's budget for FY 1977		Committee change, 1977
								1976 estimate	1977 estimate	1976 estimate	1977 estimate			1976 estimate	1977 estimate	1976 estimate	1977 estimate	
NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300) **																		
Energy (305)																		
ERDA																		
Authorization Appropriation for the Energy Research and Development Administration's Proposed Bill for fiscal year 1977: Titles I and III, sec. 101 and 301:																		
Operating:																		
Fusion power research and development	19-00-0100-0-1	(46)	(47)	(48) (49)	"No date specified". Annual authorization of no-year appropriations.	Title III, Pt. B., secs. 305, 306, 308, and 311, pt. C, secs. 314 and 315. P.L. 94-187.	143,535	NA	NA	19,150	239,400		132,364	NA	NA	179,500	225,300	
Fuel cycle research and development							33,987			65,293	163,035		30,386			57,025	138,770	
Fission power reactor development							377,893			445,394	630,260		377,912			385,515	544,960	
Environmental research and safety							154,003			194,100	239,500		144,788			182,230	218,647	
Nuclear materials sec. and safeguards							5,233			13,619	25,740		5,766			11,975	22,340	
Uranium enrichment							433,180			693,804	862,345		463,789			682,958	873,095	
Advanced isotope separation technique							21,109			29,450	36,830		16,650			25,000	34,000	
Enrichment revenues							−562,475			−591,500	−539,100		−562,475			−591,501	−539,100	
Plant:																		
Fission power research and development	19-00-0103-0-1		55,800				15,900			27,800	122,100		9,046			17,491	52,970	
Fuel cycle research and development			100				50			100	200		61			77	95	
Fission power reactor development			27,650				156,420			108,100	110,450		131,393			113,081	107,578	
Environmental research and safety			14,200				19,250			7,400	8,700		5,490			10,471	13,526	
Nuclear materials sec. and safeguards			800				3,500			800	0		252			1,200	2,346	
Uranium enrichment activities			315,730				187,076			304,130	512,150		146,637			241,640	384,352	
Capital equipment not related to construction:																		
Fusion power research and development			(48) 237,502				23,900			25,500	30,600		9,154			26,855	26,200	
Fuel cycle research and development							1,990			3,514	15,600		1,183			1,994	8,200	
Fission power reactor development							33,098			48,880	49,002		28,760			23,100	31,789	
Environmental research and safety							9,935			11,480	11,978		9,114			11,065	11,629	
Nuclear materials sec. and safeguards							675			2,200	2,400		836			1,550	2,500	
Uranium enrichment activities							11,291			14,800	24,243		9,075			12,216	20,305	
Total, Subfunction 305							1,070,550			1,602,124	2,565,433		961,381			1,393,433	2,179,619	
NUCLEAR REGULATORY COMMISSION																		
P.L. 94-79 dated 8/9/76 "Nuclear Regulatory Commission Appropriation Authorization", title I, sec. 101:																		
Nuclear reactor regulation	31-50-0200-0-1	Actual	Actual	Request	Annual		29,737			34,250	38,885							
Standards development							6,805			10,145	11,425							
Inspection and enforcement							16,634			21,415	26,290							
Nuclear material safety and safeguards							3,654			13,075	17,950							
Nuclear regulatory research							67,193			110,640	122,390							
Program technical support							7,522			10,145	10,180							
Program direction and administration							11,584			20,535	22,310		Not available by program.					
Change in selected resources																		
Refunds to licensees							5,000			2,000								
Revenues							−17,579											
Unobligated balance, end of year							4,615			−4,615								
Congressional add-on																		
Total, Subsection 300/305		(50) 135,165	222,935	249,430			(50) 135,165			(51) 217,590	249,430		86,017			200,264	236,430	
USDA FOREST SERVICE																		
Conservation and Land Management (302)																		
Special Acts for Land Acquisitions: Cache National Forest Act, 52 Stat 347; Uintah National Forest Act, 49 Stat 866; Tolyabe National Forest Act, 49 Stat 1205; Angeles National Forest Act, 54 Stat. 299; San Bernardino and Cleveland, Calif. National Forest Act, 52 Stat 699: Acquisition of lands for	05-96-5208-0-2	Such sums as necessary			No date	None	161			161	160		155			161	110	

control of soil erosion and flood damage originating within the boundaries of National Forests.															
Recreational Resources (303)															
P.L. 88-578; 78 Stat 897; Land and Water Conservation Fund Act, as amended: Sec. 4: Construction and operation of recreation facilities.	05-96-5208-0-2	do	do	do	1,260			3,674	2,475		1,851			2,785	2,500	
Conservation and management (302)															
SOIL CONSERVATION SERVICE/USDA															
Bankhead Jones Farm Tenant Act of 1937, as amended, 50 Stat 522: Sec. 32(e): Resource conservation and development (planning and loan service).	05-78-1010-0-1	do	do	do	1,866			2,832	2,836		2,500		2,816	2,757		
FOREST SERVICE [53]															
P.L. 86-57; 74 Stat 215 Multiple Use Act of 6/12/60: Minerals management.	05-96-1100-0-1	Such sums as Congress shall appropriate.	do	do	3,713			6,589	8,095		4,168		6,601	7,500		
Total, Subfunction 302					5,579			9,421	10,931		6,668		9,417	10,257		
EDUCATION, MANPOWER, AND SOCIAL SERVICES (500)															
Elementary, Secondary, and Vocational Education (501)															
Education. Snyder Act, 25 U.S.C. 13 (school operations); Johnson-O'Malley Act, 25 U.S.C. 452 (assistance to public schools); Vocational Training Act, 25 U.S.C. 309 (career development).	10-76-2100-0-1	do			226,495	[34] 226,495	226,495	[35] 243,085	243,807		218,193	226,495	226,495	239,659	244,141	
HEALTH (550)															
DHEW/HSA [52]															
Health Care Services (551)															
58 Stat. 682; Public Health Service Act of 1912 as amended; 42 U.S.C. 201 *et. seq.*:															
Title III, sec. 301: Indian Health Services, Patient Care (research, maintenance and repair, patient care and escort travel for patients).	09-15-0390-0-1	Indefinite			9,023	10,012	10,012	10,037	10,704		7,641	8,482	8,482	8,502	9,065	
Title V, sec. 509: Indian Health Services (space rental, books, printing, uniforms for patient care).	09-15-0390-0-1	do	No year		1,226	1,697	1,697	1,697	1,833		1,081	1,487	1,487	1,487	1,608	
Snyder Act of 1921, as amended by P.L. 83-586. 68 Stat. 658; the Indian Transfer Act of 1954, as amended; 42 U.S.C. 2001: Sec. 1: Indian Health Services.	09-15-0390-0-1	Such sums as Congress shall from time to time appropriate.	do		225,423	250,627	250,627	[44] 268,565	[40] 302,057	495,067	227,772	250,924	250,924	261,690	291,394	484,394
Subtotal, Subfunction 551			do		235,672			280,599	314,594		236,494			271,679	302,067	
Health Planning and Construction (554)															
Snyder Act of 1921, as amended by P.L. 83-568; 68 Stat. 658; the Indian Transfer Act of 1954, as amended; 42 U.S.C. 2001:															
Sec. 1:															
Indian Hospitals (construction)	09-15-0391-0-1	Such monies as Congress may from time to time appropriate.	No year		10,035	2,190	2,190	12,940	7,900		9,719	13,456	13,456	20,706	10,062	
Outpatient care facilities (construction)	09-15-0391-0-1		do		1,375			1,000			299	884	884	1,234	992	
Personnel quarters (construction)	09-15-0391-0-1		do		5,500	248	248	1,872			158	3,432	3,432	3,993	2,386	
Sec. 4 (as amended by Public Law 86-121, the Sanitary Facilities Construction Act): Sanitary facilities.	09-15-0391-0-1		do		40,521	38,554	38,554	38,554	32,445		35,806	44,847	44,874	44,155	33,377	
Hill-Burton Act, as amended: Community facilities.	09-15-0391-0-1	Such sums						1,000			319			1,080		
Total, Subfunction 554					57,431			55,366	40,345		46,301			11,168	46,817	

See footnotes on next page.

[1] Permanent appropriations.
[2] Trust funds.
[3] Includes +$2,425,000 pay increase which is not distributed at this time.
[4] Includes $580,000 pay increase which is not distributed at this time.
[5] Includes $600 thousand supplemental now requested for civilian pay raises.
[6] The budget submission for fiscal year 1977 assumes S. 1301 will be enacted.
[7] Public Law 75 329 has been supplemented by Public Law 93 454 (effective Oct. 18, 1974) which established the Bonneville Power Administration Fund providing for the funding of BPA programs from operating receipts and authorization to spend public debt receipts (sale and issuance of bonds to the Secretary of the Treasury) in an amount not to exceed $1,250,000. Appropriation account balances as Oct. 18, 1974, were transferred to the BPA Fund pursuant to Public Law 93 454.
[8] The Alaska Power Administration was established as a Bureau by Secretarial Order No. 2900 dated June 16, 1967. (Authority of the Secretary of the Interior under Reorganization Plan No. 3 of 1950 5 U.S.C. 1332-15). Legislative authorization is currently being considered by the Department.
[9] In addition to River Basin Commission, sec. 201b (2) and (4) provide for funding of comprehensive planning also.
[10] Provided that not more than $750,000 annually shall be available for any single commission.
[11] Current services budget based on continuing resolution of House allowance of $7,750,000.
[12] At the time of the current services budget estimates there was no legislation for WRC comprehensive planning funds.
[13] Public Law 89 80 also requires a comprehensive, coordinated, joint plan for water and related land resources development in the area for which a commission was established.
[14] Outlays for 33-35-0100 account are undistributed. Amounts $11,673 thousand and $9,465 thousand represent totals for amount.
[15] Amounts included with program funded under secs. 102, 105, 104 of Public Law 89 80 above.
[16] No specific amount is authorized. However, the L. & W. C. F. Act authorizes appropriations from "moneys covered into the fund," provides for $300,000,000 income to the fund each year, and allows income to remain available for appropriation for 2 full fiscal years or until appropriated, depending on the source of income. Total, available for appropriation in fiscal year 1976 (carryover plus new income) is $554,821,000, and includes $62,191,000 advanced and repayable according to the L. & W. C. F. Act.
[17] Termination of income; appropriations could be made afterwards from remaining income.
[18] Quarterly reprogramming report, required by H. Rept. 205 and S. Rept. 172, 89th Cong., 1st sess.
[19] Public Law 93-621 (January 3, 1975) authorizes not more than $2,165,000 for completion of certain rivers by October 2, 1979. Therefore any salaries and expenses funds appropriated or used for this purpose would come within the authorization limitation.
[20] Nationwide outdoor recreation plan, required by 16 U.S.C. 4601 1(c).
[21] Report on acquisition cost of all real property disposed of, required by 40 U.S.C. 484(e).
[22] Adjusted for requested pay cost increase in administrative expenses limitation of $160,000.
[23] Includes requested pay cost supplemental of $160,000.
[24] In addition, there was $33,000 authorized and appropriated in fiscal year 1974, available until expended.
[25] Includes all staff (those employed in planning and developmental preparation).
[26] In addition, the administration will be proposing in a supplemental request that $11,450,000 be appropriated in fiscal year 1977.
[27] Agency was operating under a continuing resolution when current services budget was prepared. Terms of the continuing resolution held spending at fiscal year 1975 levels.
[28] None, but language in appropriation bill provided funding.
[29] Reports (a) (c) relate to "Geologic and Mineral Surveys and Mapping," and are required annually by House and Senate; report (d) required by House and Senate 30 days prior to refund; report (e) required annually by House and Senate; report (f) required historically at 2-year intervals by House Committee on Government Operations. Reports (d)-(f) relate to "Conservation of Land and Minerals."
[30] The budget authority and outlays for the fiscal year 1977 current services reflects a continuing resolution level. Adjustments from fiscal year 1975 budget authority include the following; decreases requested in fiscal year 1976 budget −$4,709,000, increases for pay cost annualization of October 1974 pay raise +$2,429,000 and employees compensation payments +$93,000; and an increase of $2,520,000 for lease tract selection as allowed by the joint resolution making continuing appropriations (Public Law 94-41), sec. 101(d).
[31] Original authorization was $8,500,000 which was appropriated in 1956. July 1974, there remained an unobligated balance of $3,779,000.
[32] Authorization and budget authority results from permanent annual contract authority which was not used (deferred) in fiscal year 1975 since helium is no longer being purchased. Outlays result from continuing helium production, sales, and storage activities under the Helium fund. (Public Enterprise Revolving Fund).
[33] Proposed for rescission.
[34] Fiscal year 1976 is operating under continuing resolution at the level of fiscal year 1975 to continue activities of the Menominee Indian restoration program and for Indian contract support.
[35] Includes pay cost supplemental and proposed supplementals.
[36] Agency was operating under a continuing resolution when current services budget was prepared, The terms of the continuing resolution held budget authority at the fiscal year 1975 level.
[37] Assumed termination of Council on Dec. 30, 1976; on Jan. 2, 1976, President signed Public Law 94 204 extending Council. Alaska State Legislature must enact similar legislation to extend State contribution portion.
[38] Annual report due Jan. 31 of each year, as authorized by sec. 17(a) of Public Law 92-203; final report due, as authorized by sec. 17(b)(10), when Commission terminates.
[39] The remainder of the State contribution consisted of inkind services.
[40] Funds made available under appropriations for this act will remain available until expended.
[41] Total authorization of $5,000,000 approved Oct. 17, 1968. $3,000,000 has been appropriated through fiscal year 1976.
[42] Fiscal year 1976 was the last increment of the $5,000,000 authorization appropriated.
[43] Total amount appropriated fiscal year 1975, $1,400,000; fiscal year 1976, $10,000,000; transition quarter, $8,600,000.
[44] Sec. 105 of the Micronesian Claims Act authorized such sums as may be necessary for operations and administration in order to carry out the purposes of the act.
[45] Additional programs—Congressional add-on of $925,000 for miscellaneous programs.
[46] There is no comparable authorization legislation for ERDA in fiscal year 1975 since ERDA was established on Jan. 19, 1975 with funding provided from the unexpended balances from agencies transferring programs and organization to ERDA.
[47] Total 101a(5), $3,158,970.
[48] General total authorization with no line item identification for nuclear programs includes nondefense as well as defense activities.
[49] Authorization for fiscal 1977 not currently available.
[50] The Nuclear Regulatory Commission was established on Jan. 19, 1975. These funds represent NRC's portion of funds authorized and appropriated to the Atomic Energy Commission as well as the fiscal year 1975 supplemental funds authorized and appropriated to the NRC.
[51] This amount includes $2,167,000 for the proposed fiscal year 1976 pay raise supplemental.
[52] Of the 187.5 million acres controlled by the Forest Service, 160.2 million are in the Public Domain, and therefore under the jurisdiction of the House and Senate Interior and Insular Affairs Committees. The Forest Service is unable to break out its monies for public and acquired lands. The total Budget Authority and Outlays for the Forest Service are as follows: Budget Authority, fiscal year 1975, $955,554,000; fiscal year 1976, $885,423,000; fiscal year 1977, $874,408,000; Outlays, fiscal year 1975, $992,172,000; fiscal year 1976, $1,044,046,000; fiscal year 1975, $863,626,000.
[53] Agency was operating under a continuing resolution when the current services budget was prepared. The terms of the continuing resolution held budget authority at the fiscal year 1975 level plus cost increases. Agency felt that there were discrepancies between what it submitted to OMB as fiscal year 1977 current services amounts and OMB's current services printout. Agency submission to OMB was as follows: Sec. 301 PHSA Budget Authority $10,669; Outlays $9,037; sec. 509 PHSA Budget Authority $1,833; Outlays $1,608; sec. 1, Indian Transfer Act, Budget Authority, $272,018; Outlays $271,334; sec. 2, Indian Transfer Act, Budget Authority, $44,337; Outlays $44,153.
[54] Includes an additional $5,294,000 for which the President has requested rescission.
† Does not include pay supplemental outlays of $14,000.
†† Includes pay supplemental amounts of $7,980,000 BA and $5,644,000 outlays.
* Includes pay supplemental amounts of $4,740,000 BA and $1,221,000 outlays.
** The Committee has oversight jurisdiction over ERDA and NRC.

MINORITY VIEWS

For fiscal year 1977, the Interior Committee is recommending to the House Budget Committee an increase of $786 million over the President's budget for programs within our jurisdiction. The final Committee figure is $4,023,000,000 or 24.3 percent above the President's recommendation of $3,237,000,000.

We cannot support this increase. The Committee's action is without restraint on Federal spending. It is simply a shopping list of increases and add-ons. There was no attempt made to "rearrange" priorities—all of the President's programs were either left unchanged or expanded. There are virtually no cuts. The bulk of the committee's recommended increase is the result of new programs.

We had thought the Congressional Budget and Impoundment Control Act of 1974 mandated Congress to regain control of the Federal budget process. Such control implies fiscal responsibility. This committee does not meet its share of that responsibility by recommending a 24-percent increase in Interior programs without offsetting reductions or compensating revenues.

The $786 million in increased spending would simply add to the already staggering national debt. As of March 5, 1976, the national debt was $592.7 billion. On February 25, the Congress set a debt ceiling of $627 billion. The President's fiscal year 1977 planned deficit of $43 billion will, by itself, take us beyond the ceiling unless there is some kind of debt reductions. We point out that there has not been, for more than one-quarter of a century, any decrease in the debt.

If the level of spending adopted by the Interior Committee were applied to all committees of Congress, the total fiscal year 1977 congressional recommended budget would be $100 billion above the President's proposal and $146 billion above the fiscal year 1976 budget. That budget ran $76 billion in the red.

We believe the Congress and this committee must bite the bullet and exercise restraint in Federal spending. The answer is as simple as "we can't afford it."

We include for quick reference, a chart showing all the increases and additions recommended by the subcommittees and adopted by the full committee.

COMPARISON OF PRESIDENT'S BUDGET AND INTERIOR COMMITTEE RECOMMENDATIONS

	President	Subcommittee	Full committee	Difference: President and full committee
National parks:				
Historic preservation	$14,500,000	$24,400,000	$24,400,000	+$9,900,000
Pennsylvania Avenue Corp. (salaries and experience)	1,425,000	1,425,000	1,425,000	
Pennsylvania Avenue Corp. (projects)	11,450,000	11,450,000	11,450,000	
Bureau Outdoor Recreation	6,187,000	6,187,000	6,187,000	
Land and water conservation fund	300,000,000	450,000,000	450,000,000	+150,000,000
NSP operations	272,864,000	276,864,000	276,864,000	+4,000,000
Planning and construction	33,200,000	33,200,000	33,200,000	
Subtotal	639,626,000	803,526,000	803,526,000	+163,900,000
Territorial and insular affairs:				
Pacific Trust Territory	82,321,000	82,321,000	82,321,000	
4-year College of Micronesia		500,000	500,000	+500,000
Micronesian war claims		14,000,000	14,000,000	+14,000,000
Guam capital improvement		12,000,000	12,000,000	+12,000,000
Virgin Islands capital improvements			12,000,000	+12,000,000
Northern Marianas commonwealth		14,000,000	14,000,000	+14,000,000
Grant-in-aid program		2,000,000	2,000,000	2,000,000
Administration	21,862,000	21,862,000	21,862,000	
Comptroller for Guam	256,000	256,000	256,000	
Virgin Island internal revenue collections	19,000,000	19,000,000	19,000,000	
Subtotal	123,439,000	165,939,000	117,939,000	+54,500,000

Footnotes at end of table.

68-249 O - 76 - 21

COMPARISON OF PRESIDENT'S BUDGET AND INTERIOR COMMITTEE RECOMMENDATIONS

	President	Subcommittee	Full committee	Difference: President and full committee
Water and power resources:				
Office of water research and technology [1]	6,470,000	6,470,000	6,470,000	
Water Resources Council [1]	248,000	248,000	248,000	
BOR—Construction and rehabilitation	347,017,000	356,367,000	356,367,000	+9,350,000
Upper Colorado River Basin (BOR)	61,900,000	63,550,000	63,550,000	+1,650,000
Colorado River Basin project (BOR)	73,420,000	73,420,000	73,420,000	
Colorado River Basin salinity (BOR)	43,120,000	44,700,000	44,700,000	+1,580,000
Loan program (BOR)	10,773,000	20,795,000	20,795,000	+10,022,000
Operation and maintenance (BOR)	143,000,000	143,000,000	143,000,000	
General investigations (BOR)	21,030,000	24,717,000	24,717,000	+3,687,000
Administrative expenses (BOR)	22,600,000	22,600,000	22,600,000	
Emergency fund (BOR)	1,000,000	1,000,000	1,000,000	
Trust funds (BOR)	29,000,000	29,000,000	29,000,000	
Bonneville power administration				
Alaska power administration	1,164,000	1,164,000	1,164,000	
Southeastern power administration	1,106,000	1,106,000	1,106,000	
Southwestern power administration	7,821,000	7,821,000	7,821,000	
Office of water resources and technology	15,803,000	15,803,000	15,803,000	
Water resources council	15,909,000	20,909,000	20,909,000	+5,000,000
Recreation restoration (Upper Colorado River Basin)	4,131,000	5,898,000	5,898,000	+1,767,000
Subtotal	805,512,000	838,568,000	838,568,000	+33,056,000
Indian affairs:				
Indian claims Commission	1,530,000	1,650,000	1,650,000	+120,000
Indian Health Care Improvement Act		216,000,000	193,000,000	+193,000,000
Law enforcement	24,320,000	26,753,000	26,753,000	+2,433,000
Business enterprise	12,119,000	13,619,000	13,619,000	+1,500,000
Reservation road maintenance	10,756,000	12,256,000	12,256,000	+1,500,000
Indian rights protection	6,636,000	7,788,000	7,788,000	+1,152,000
Road construction	27,205,000	37,205,000	37,205,000	+10,000,000
School construction	6,620,000	12,620,000	12,620,000	+6,000,000
Aid to public school construction		17,000,000	17,000,000	[3] +17,000,000
Alaska native claims settlement	60,000	670,000	670,000	610,000
Subtotal	89,246,000	345,565,000	322,565,000	+233,319,000
Public lands:				
Naval petroleum reserves [3]	368,000,000	368,000,000	368,000,000	
BLM Organic Act		14,200,000	14,200,000	+14,200,000
Management of lands and resources	208,740,000	208,740,000	208,740,000	
Construction and maintenance	9,884,000	9,884,000	9,884,000	
Oregon and California grant lands	30,000,000	30,000,000	30,000,000	
Range improvements	7,235,000	7,235,000	7,325,000	
Recreation development	300,000	300,000	300,000	
Expenses of Public Lands Act	1,500,000	1,500,000	1,500,000	
BLM trust funds	700,000	700,000	700,000	
Subtotal	626,359,000	640,559,000	640,559,000	+14,200,000
Energy and the environment: Payment in lieu of taxes		130,000,000	130,000,000	+130,000,000
Mines and mining:				
Engineering evaluation and demonstration	9,273,000	9,273,000	12,273,000	+3,000,000
Metallurgy	21,567,000	21,567,000	31,567,000	+10,000,000
Mining research	107,130,000	107,130,000	109,130,000	+2,000,000
Subtotal	137,970,000	137,970,000	152,970,000	+15,000,000
Full committee: Surface mining		199,000,000	159,000,000	+159,000,000
Grand total [4]	3,237,000,000	4,059,000,000	4,023,000,000	+785,975,000

[1] Existing programs requiring reenactment or modification of authorizing legislation.
[2] This amount must be authorized by the Education and Labor Committee and is not reflected in Interior's final totals.
[3] Offsetting receipts estimated at $684,000,000.
[4] This total also reflects programs not itemized above and for which there was no recommended change from the President's bucget. These items would include permanent spending authorities and programs the subcommittees did not specifically itemize in their reports to the full committee. This grand total is the actual amount recommended by the President and the committee for programs under the committee's jurisdiction for fiscal year 1977.

JOE SKUBITZ.
SAM STEIGER.
DON CLAUSEN.
MANUEL LUJAN, JR.
KEITH SEBELIUS.
ALAN STEELMAN.
ROBERT E. BAUMAN.
STEVEN D. SYMMS.
JAMES P. JOHNSON.
ROBERT J. LAGOMARSINO.
VIRGINIA SMITH.
SHIRLEY PETTIS.

94th Congress
2d Session

COMMITTEE PRINT

FIRST CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1977

VIEWS AND ESTIMATES REPORT

OF THE

COMMITTEE ON INTERNATIONAL RELATIONS

TOGETHER WITH

MINORITY VIEWS

TO THE

COMMITTEE ON THE BUDGET

CONCERNING THE

BUDGET FOR FISCAL YEAR 1977 AND FOR THE TRANSITION QUARTER

SUBMITTED PURSUANT TO SECTION 301(c) OF THE CONGRESSIONAL BUDGET ACT OF 1974

MARCH 15, 1976

Printed for the use of the Committee on International Relations

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1976

67-311

COMMITTEE ON INTERNATIONAL RELATIONS

THOMAS E. MORGAN, Pennsylvania, *Chairman*

CLEMENT J. ZABLOCKI, Wisconsin
WAYNE L. HAYS, Ohio
L. H. FOUNTAIN, North Carolina
DANTE B. FASCELL, Florida
CHARLES C. DIGGS, Jr., Michigan
ROBERT N. C. NIX, Pennsylvania
DONALD M. FRASER, Minnesota
BENJAMIN S. ROSENTHAL, New York
LEE H. HAMILTON, Indiana
LESTER L. WOLFF, New York
JONATHAN B. BINGHAM, New York
GUS YATRON, Pennsylvania
ROY A. TAYLOR, North Carolina
MICHAEL HARRINGTON, Massachusetts
LEO J. RYAN, California
DONALD W. RIEGLE, Jr., Michigan
CARDISS COLLINS, Illinois
STEPHEN J. SOLARZ, New York
HELEN S. MEYNER, New Jersey
DON BONKER, Washington
GERRY E. STUDDS, Massachusetts

WILLIAM S. BROOMFIELD, Michigan
EDWARD J. DERWINSKI, Illinois
PAUL FINDLEY, Illinois
JOHN H. BUCHANAN, Jr., Alabama
J. HERBERT BURKE, Florida
PIERRE S. DU PONT, Delaware
CHARLES W. WHALEN, Jr., Ohio
EDWARD G. BIESTER, Jr., Pennsylvania
LARRY WINN, Jr., Kansas
BENJAMIN A. GILMAN, New York
TENNYSON GUYER, Ohio
ROBERT J. LAGOMARSINO, California

MARIAN A. CZARNECKI, *Chief of Staff*
CHARLES PAOLILLO, *Staff Consultant*
ROBERT K. BOYER, *Staff Consultant*
ALBERT C. F. WESTPHAL, *Special Subcommittee Consultant*
RAY SPARKS, *Editor*
DIANE LYN STONER, *Staff Assistant*
MARTHA H. CROUSE, *Staff Assistant*
JOYCE RAUPE, *Staff Assistant*
ROBERT A. STONER, *Publications Assistant*

LETTER OF TRANSMITTAL

U.S. House of Representatives,
Committee on International Relations,
Washington, March 15, 1976.

Hon. Brock Adams,
Chairman, Committee on the Budget,
U.S. House of Representatives,
Washington, D.C.

Dear Mr. Chairman: By direction of the Committee on International Relations, I submit herewith the views and estimates report required by section 301(c) of the Congressional Budget Act of 1974 in connection with the First Concurrent Resolution on the Budget, Fiscal Year 1977.

Sincerely yours,

Thomas E. Morgan, *Chairman.*

CONTENTS

Part I—Views and Estimates of the Committee on International Relations Concerning the Budget for Fiscal Year 1977

	Page
Letter of transmittal	III
Introduction	1
President's budget requests for existing programs which require reenactment or modification of authorizing legislation for fiscal year 1977:	
International security assistance:	
Grant military assistance	3
Foreign military education and training	4
Foreign military sales credits	4
Security supporting assistance	5
Middle East Special Requirements Fund	5
Contingency fund	6
International narcotics control	6
Department of State	7
Administration of foreign affairs	7
International organizations and conferences	8
Educational exchange	9
Migration and refugee assistance	9
Foreign buildings operations	10
Passport Office	10
Foreign Service retirement amendments	11
Soviet refugee assistance	11
United States Information Agency:	
USIA salaries and expenses	12
USIA special international exhibitions	12
USIA radio facilities	13
Other programs:	
Peace Corps	13
Board for International Broadcasting	14
International commissions	14
Legislative initiatives of Congress for fiscal year 1977:	
Angola disaster aid	15
Lebanon disaster aid	16
Atlantic convention	16
President's budget requests for existing programs which do not require authorizing legislation for fiscal year 1977:	
Military assistance:	
Foreign military sales credits, proprietary receipts	17
Advances, foreign military sales	17
Liquidation of foreign military sales fund	18
Indochina postwar reconstruction funds	18
International development assistance	19
Food and nutrition	22
Population planning and health	23
Education and human resources development	24
Technical assistance, energy, research, reconstruction, and selected development problems	25
Selected development problems	25
Selected countries and organizations	26
American schools and hospitals abroad	26
International organizations and programs	27
United Nations Environment Fund	29
International disaster assistance	30
Special disaster relief and reconstruction	30

VI

President's budget requests for existing programs which do not require authorizing legislation for fiscal year 1977—Continued
International development assistance—Continued — Page
Guatemala disaster relief — 31
Foreign Service Retirement Fund — 31
Portugal and Portuguese colonies — 32
Prototype desalting plant — 32
Albert Schweitzer Hospital — 32
Social Progress Trust Fund — 33
Inter-American Foundation — 33
Overseas Private Investment Corporation — 33
International Fund for Agricultural Development — 34
Darien Gap Highway — 34
Economic assistance, proprietary loan receipts — 35
Food for Peace (Public Law 480) — 35
Arms Control and Disarmament Agency — 36
Department of State:
United Nations University — 38
Gifts and bequests, National Commission on Educational, Scientific, and Cultural Cooperation — 38
Educational Exchange Fund, Finland — 39
Non-U.S. Government contributions to Mutual Educational and Cultural Exchange Act activities — 39
International Center, District of Columbia — 40
Panama Canal payment — 40
Gifts, Department of State — 41
Foreign Service Act Retirement Fund payments — 41
State Department, proprietary receipts and interfund transactions — 42
United States Information Agency:
Non-U.S. Government contributions to USIA activities — 42
United States Information Agency, proprietary receipts — 43
Other trust funds:
Japan-United States Friendship Trust Fund — 43
Peace Corps, miscellaneous trust funds — 44
Export promotion and control:
International economic policy and research — 44
International trade and development — 45
East-West trade — 45
Export administration — 46
Other programs:
Foreign Service Retirement and Disability Fund — 46
Council on International Economy Policy — 47

Part II—Views of the Committee on International Relations Concerning the Budget for the Transition Quarter

International development and humanitarian assistance programs — 51
International Fund for Agricultural Development (IFAD) — 51
Indus Basin development, loans and grants — 51
Cyprus relief and rehabilitation — 52
International security assistance programs — 52

Part III—Table of Estimates for Fiscal Year 1977

President's budget requests for existing programs which require reenactment or modification of authorizing legislation for fiscal year 1977 — 55
Legislative initiatives of Congress for fiscal year '1977 — 55
President's budget requests for existing programs which do not require legislation for fiscal year 1977 — 56

Minority Views

Minority views of Hon. Edward J. Derwinski, Hon. John H. Buchanan, Jr., Hon. J. Herbert Burke, Hon. Larry Winn, Jr., and Hon. Robert Lagomarsino — 59

KEY TO BUDGET FUNCTIONS

050—National Defense
150—International Affairs
300—Natural Resources, Environment, and Energy
400—Commerce and Transportation
600—Income Security
800—General Government

PART I

VIEWS AND ESTIMATES OF THE COMMITTEE ON INTERNATIONAL RELATIONS CONCERNING THE BUDGET FOR FISCAL YEAR 1977

INTRODUCTION

The levels recommended in the following tables were agreed to by the Committee on International Relations in meetings held on March 9, 10, and 11, 1976. For the most part, they are based on (a) completed authorization action by the Congress or by the Committee on International Relations, (b) the President's budget requests which the Committee on International Relations supports, and (c) reductions or increases in the President's budget requests consistent with previous positions of the Committee on International Relations.

The Committee on International Relations wishes to point out that estimates of outlays for items which are contained in the Foreign Assistance and Related Programs Appropriation bill for fiscal year 1976 and the transition quarter are based on budget request levels. After final passage of fiscal year 1976 and transition quarter appropriation legislation, the fiscal year 1977 outlay levels for these items will have to be adjusted to reflect the actual appropriation amounts contained in that legislation.

The Committee on International Relations also wishes to note that while it does not have legislative jurisdiction over international financial institutions—such as the International Development Association (IDA), the Inter-American Development Bank (IDB), and the Asian Development Bank—it is interested in the budgetary aspects of these institutions for several reasons.

First, this committee has specific oversight responsibility with respect to these institutions.

Second, the committee has a strong interest in all facets of international development and relations with the developing countries.

Third, and most important from the standpoint of this report, the committee would like to assure that the ceilings and targets established in the congressional budget process take into account all the funds which are likely to be requested and appropriated for these institutions in fiscal year 1977. The committee expresses this concern because in fiscal year 1976 the first budget resolution did not reflect amounts which were requested but which were not appropriated for the previous fiscal year. As a result, items that slipped from fiscal year 1975 to fiscal year 1976 had to be accommodated in target and ceiling levels which were established without regard to those items.

Therefore, the committee strongly urges that, this year, the Committee on the Budget specifically take into account the probability that substantial portions of the amounts requested for international financial institutions for fiscal year 1976 will not be appropriated in this fiscal year and will, therefore, slip into fiscal year 1977. Unless the congressional budget process does take this probability into account in establishing targets and ceilings for fiscal year 1977, it will foster a perpetuation of the delays in appropriations which have in turn delayed the U.S. contributions to various international institutions, to the detriment of the foreign policy interests of the United States. It will, in addition, add to the pressure—already substantial—to reduce other items in the international affairs function.

PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

INTERNATIONAL SECURITY ASSISTANCE

Grant Military Assistance

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
050	(1)	294,000	222,500 (−71,500)	380,000	357,000 (−23,000)

[1] Pending.

COMMITTEE COMMENT

The recommended levels for the grant military assistance program are consistent with both the House and Senate versions of fiscal year 1976 authorizing legislation for security assistance. Both bills contain provisions which terminate grant military assistance programs at the end of fiscal year 1977, except where specifically authorized by the Congress.

The recommended level for budget authority in fiscal year 1977 would provide $152.5 million for the eight countries specified in pending fiscal year 1976 authorizing legislation, $25 million for nine unspecified countries, and $45 million for support costs.

Foreign Military Education and Training

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
050	(1)	32,900	28,200 (−4,700)	30,000	28,000 (−2,000)

[1] Pending.

COMMITTEE COMMENT

Pending fiscal year 1976 authorizing legislation for security assistance retains the grant military education and training program as a separate authority. Because of the program's value to U.S. interests, it was decided by the committee that grant training should not be phased out in conjunction with the grant materiel assistance program.

The recommended reduction in the President's request would permit the grant training program to continue at the level approved by the House in the fiscal year 1976 authorization bill which deletes Brazil and Venezuela from the list of participating governments.

Foreign Military Sales Credits

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
050	(1)	852,000	852,000	695,000	695,000

[1] Pending.

COMMITTEE COMMENT

A major consideration involved in the committee's decision to terminate grant military assistance programs at the end of fiscal year 1977 was that, in lieu of this source of military equipment, recipient governments should have access to U.S. defense articles and services on a basis that will maintain a credible defense capability for our friends and allies while facilitating a smooth transition from grants to sales. The most equitable way to provide such access is through the military sales credit program.

The President's request for budget authority and outlays would support a total program of $2,179,600,000, as compared to a program level of $2,374,700,000 in fiscal year 1976. The largest single portion of the total program, $1 billion, is planned for Israel, for which repayment of $500 million would be forgiven.

Security Supporting Assistance

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	**1,808,500**	**1,808,500**	**1,395,500**	**1,395,500**

[1] Pending.

COMMITTEE COMMENT

The bulk of the President's budget authority request, $1.7 billion, would go to the following Middle East countries: Israel, $785 million; Egypt, $750 million; Jordan, $77.5 million; and Syria, $90 million.

The committee believes this emphasis is justified in view of the relationship of such assistance to peace efforts in the Middle East, a region of vital importance to the United States.

The balance of the request is programed for Portugal, Cyprus, Bahrain, and Malta.

Middle East Special Requirements Fund

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	**35,000**	**35,000**	**36,780**	**36,780**

[1] Pending.

COMMITTEE COMMENT

The committee, and Congress as a whole, have approved the full executive branch request for the Fund during its 2-year existence. The executive branch plans for the Fund in fiscal year 1977 are as follows: (1) $15 million is programed for the American Sinai Early Warning Support Mission; (2) $3 million will be used for development activities on the West Bank and in Gaza in accordance with the committee's report which accompanied the Foreign Assistance Act of 1974; (3) the remaining $17 million will be used on a contingency basis.

Contingency Fund

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	10,000	5,000 (−5,000)	8,651	6,651 (−2,000)

[1] Pending.

COMMITTEE COMMENT

The recommended reduction in the President's request for the contingency fund is consistent with both the House and Senate versions of legislation authorizing security assistance for fiscal year 1976, which reduce the President's request for a $10 million revolving contingency fund by $5 million and keep the authorization on an annual basis.

According to AID, the Fund is being operated at a rate of $1.8 million under the Continuing Resolution for the current fiscal year. None of these funds have been obligated to date.

International Narcotics Control

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	34,000	34,000	38,000	38,000

[1] Pending.

COMMITTEE COMMENT

The President's budget authority request of $34 million is $8.5 million below his request for fiscal year 1976. The reduction below the traditional request of $42.5 million is due to the availability of unobligated balances from prior year appropriations.

68-249 O - 76 - 22

DEPARTMENT OF STATE

Based upon agreements between the Department of State and 24 other agencies operating overseas, the Department has instituted a Foreign Affairs Administrative Support system (FAAS) to replace the previous Shared Administrative Support system (SAS).

The Department provides a number of administrative support activities and facilities for these agencies overseas. Under the SAS the appropriations of each agency included a sum for such support. Under the new FAAS, reflected in the fiscal year 1977 budget, all of these administrative costs are included in the State Department budget and the budgets of the other agencies reduced in equivalent amounts.

The new system represents no increase in overall costs to the Government; it is a bookkeeping arrangement. This approach is supported by the GAO.

The introduction of this new system accounts for an increase of $69.9 million in the Department's fiscal year 1977 budget.

Administration of Foreign Affairs

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	**551,955**	**552,455 (+500)**	[2] **509,320**	[2] **509,820 (+500)**

[1] Pending.
[2] Outlays for payments to the Foreign Service retirement and disability fund are included in outlays shown on page 41.

COMMITTEE COMMENT

This sum covers salaries, expenses, and allowances of the officers and employees of the Department, both in the United States and abroad; representation allowances abroad, to which the committee added $500,000; emergencies in the Diplomatic and Consular Service; executive direction and policy formulation; administrative and staff activities; and a payment of $8,055,000 to the Foreign Service retirement and disability fund for the unfunded liability created by new statutes which liberalize benefits or increase salaries on which benefits are computed.

International Organizations and Conferences

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	**338,875**	**363,925 (+25,050)**	**322,217**	**347,267 (+25,050)**

[1] Pending.

COMMITTEE COMMENT

This sum defrays the assessments of the United States in international organizations and pays the costs of U.S. participation in international conferences. It includes the U.S. share of the cost of the United Nations and its specialized agencies as well as 12 regional organizations and 17 smaller international organizations. From it are paid the expenses of seven missions which represent the United States at the headquarters of certain of these organizations. Included is $45 million for Middle East peacekeeping activities. It will also defray expenses of the U.S. delegation which will host the annual meeting this year of the North Atlantic Assembly, for which an additional $50,000 has been included. The additional $25 million for UNESCO recommended by the committee is strictly a contingency fund to provide for the U.S. share of its regular assessment to UNESCO should the situation change to the point where the U.S. desires to resume its participation in this agency. That sum includes a residual payment due for its 1974 assessment as well as its assessment for calendar year 1975. Unless there is a change in the current situation within UNESCO, it is most unlikely that the Congress would authorize any funds for further participation.

Educational Exchange

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	**68,500**	**68,500**	[2] **60,681**	[2] **60,681**

[1] Pending.
[2] Includes $15,000,000 for preservation of ancient Nubian monuments (special foreign currency programs).

COMMITTEE COMMENT

This sum will enable the Secretary of State to carry out his functions under the provisions of the Mutual Educational and Cultural Exchange Act as well as provide support to the East-West Center associated with the University of Hawaii.

Migration and Refugee Assistance

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	**10,000**	**10,000**	**10,693**	**10,693**

[1] Pending

COMMITTEE COMMENT

This sum provides for U.S. assistance to migrants and refugees through contributions to the Intergovernmental Committee for European Migration, the United Nations High Commissioner for Refugees, the International Committee for the Red Cross and direct assistance to or on behalf of refugees from various countries through voluntary agencies.

Foreign Buildings Operations

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	[1] **55,202**	[2] **72,735**	[2] **72,735**	**50,644**	**50,644**

[1] Supplemental authorization request of $31,458,000 is pending.
[2] Of which $5,535,000 is for the purchase of foreign currencies from the U.S. Treasury which are considered excess to U.S. needs.

COMMITTEE COMMENT

A small portion of this sum will permit the acquisition, development, and construction of office buildings abroad used by many civilian agencies of the United States as well as residences for diplomatic and consular personnel. The principal portion is for the operation and maintenance of these properties. The program is authorized at 2-year intervals. Last year Congress authorized $55,202,000 for fiscal year 1977. The Executive has requested a supplemental authorization of $31,458,000, most of which is to start work on a new embassy complex in Moscow. Under existing law the authorized but unappropriated sum for 1977 may be carried over to future fiscal years until appropriated.

Passport Office

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	([1])	----------	**2,000 (+2,000)**	---------	**2,000 (+2,000)**

[1] Under committee consideration.

COMMITTEE COMMENT

This sum will permit the Passport Office to miniaturize its voluminous files thus reducing the need for additional filing cabinets and office space. It will also enable the Office to continue its study and development of the Travel Document and Issuance System to expedite the issuance and use of passports in international travel.

Foreign Service Retirement Amendments

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	----------	14,000 (+14,000)	---------	14,000 (+14,000)

[1] Under committee consideration.

COMMITTEE COMMENT

Amendments to the Foreign Service Retirement and Disability System under committee consideration would bring that system into line with benefits available to personnel covered by the Civil Service retirement system. They were submitted by the Executive in 1975. The sum would provide for a payment of $2 million per year for 30 years to the Foreign Service retirement fund to amortize the anticipated increase in the unfunded liability of the fund arising from the changes made in the retirement system by these amendments. About $10.6 million would also be paid into the fund to finance the portion of Foreign Service normal cost not now being met from the employee-employer contributions. Thus almost $13 million will be deposited with the Foreign Service retirement fund, where it will draw interest. Readjustment of annuities of certain alien retirees, reduced by dollar devaluation, will also be funded from this item.

Soviet Refugee Assistance

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	----------	20,000 (+20,000)	2,416	22,416 (+20,000)

[1] Under committee consideration.

COMMITTEE COMMENT

This sum will continue to assist Israel in the settlement of Jewish refugees from the Soviet Union.

UNITED STATES INFORMATION AGENCY

USIA Salaries and Expenses

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	256,925	[2] 256,925	260,382	260,382

[1] Pending.
[2] Of which $8,600,000 is for the purchase of foreign currencies from the U.S. Treasury which are considered excess to U.S. needs.

COMMITTEE COMMENT

This sum is used by USIA to conduct cultural and informational programs on a world-wide basis. Among the activities funded are press, radio, TV, motion pictures, publications, information center, libraries, lectures, seminars, book publications, and support for the Department of State's educational and cultural exchange programs.

USIA Special International Exhibitions

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	4,841	4,841	7,113	7,113

[1] Pending.

COMMITTEE COMMENT

Programs funded from this account are focused on East Europe, the Soviet Union, and Berlin. Emphasis is on topical rather than purely commercial exhibitions and is intended to portray various aspects of American life and culture presented in American environments. It also includes support for seminars conducted by American specialists eminent in the particular exhibition's theme as well as related support such as bilingual guides and publications relating to the exhibition.

USIA Radio Facilities

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	2,142	2,142	2,202	2,202

[1] Pending.

COMMITTEE COMMENT

This sum is necessary to permit the continuing program of major improvements, replacements and repairs to maintain and improve the efficiency of existing facilities as well as engineering research for the improvement of broadcasting techniques and components.

OTHER PROGRAMS

Peace Corps

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	[1] 81,000	67,155	81,000 (+13,845)	65,315	76,400 (+11,085)

[1] Authorization level reported by International Relations Committee.

COMMITTEE COMMENT

The committee increased the authorization for the Peace Corps for two reasons: First, it increased the readjustment allowance paid to volunteers upon their termination based on months of service. Since 1961, the amount has been $75 per month. The committee increased the figure to $125. Second, its oversight of Peace Corps operations had made it clear that past reductions in the Peace Corps budget had cut support of volunteers in the field to the point where the effectiveness of programs was in jeopardy. In restoring some funds, the committee does not intend that the Peace Corps increase the size of the volunteer corps, but rather enhance the quality of their activities.

Board for International Broadcasting

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	[1] 58,385	53,385	58,385 (+5,000)	54,383	54,383

[1] Authorization level reported by International Relations Committee.

COMMITTEE COMMENT

H.R. 12262 authorizes a total of $58,385,000 for the Board for International Broadcasting both to make grants to support 100 percent of the operation of Radio Free Europe and Radio Liberty, which broadcast to the Soviet Union and Eastern Europe, and also to support the policymaking and supervisory role of the Board and its small staff. The total includes $5 million to protect the proposed level of operations of the radios, 84 percent expended in foreign currency, against unanticipated fluctuations in foreign currency exchange rates.

International Commissions

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
300	([1])	17,069	17,069	19,620	19,620

[1] Pending.

COMMITTEE COMMENT

These funds will permit the United States to fulfill its treaty obligations in the activities of international boundary commissions with Mexico and Canada. They are also used to pay the U.S. share of nine international fisheries commissions in which the United States participates, the International Council for the Exploration of the Sea, and the expenses of the U.S. Commissioners.

LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

Angola Disaster Aid

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150			10,000 (+10,000)		10,000 +$10,000

COMMITTEE COMMENT

As a result of the recent civil war in Angola, an estimated 10,000–15,000 people have been killed, more than 600,000 have fled their homes, and the disruptions have resulted in food shortages in many parts of the country. Both the International Red Cross and the United Nations High Commissioner for Refugees are working in the country. To date the United States has provided $675,000 for war disaster relief in Angola, through the Red Cross. As a result of lengthy hearings by the Subcommittee on International Food, Resources, and Energy, it appears that extensive outside relief assistance will be necessary. At present the subcommittee is considering legislation which would provide U.S. disaster relief aid in the amount of $10 million. It would be used to (a) provide food and medical supplies, (b) assist in the relocation and resettlement of refugees, (c) provide some assistance to rebuilding homes, and (d) repair damaged rail bridges on the Benguela Railroad.

Lebanon Disaster Aid

[In thousands of dollars]

Budget function	Budget authority: Authorization	Budget authority: President's request	Budget authority: Committee recommendation (difference)	Outlays: President's request	Outlays: Committee recommendation (difference)
150			10,000 (+10,000)		10,000 (+10,000)

COMMITTEE COMMENT

This allocation of $10 million is for war disaster relief assistance in Lebanon. As a result of the recent conflict there 10,000 people have been killed, 20,000 hurt or wounded, and 40,000 rendered homeless. An estimated one-half million persons in Lebanon are in need of some kind of assistance, according to the U.N. High Commissioner for Refugees. Thus far the United States has provided only $900,000 in medical supplies. A number of bills have been introduced into Congress providing for relief aid to Lebanon. Because of the current political situation in Lebanon, the administration has not yet made its own request for funds, but such a request is expected to be forthcoming in the near future.

Atlantic Convention

[In thousands of dollars]

Budget function	Budget authority: Authorization	Budget authority: President's request	Budget authority: Committee recommendation (difference)	Outlays: President's request	Outlays: Committee recommendation (difference)
150	[1] 200		200 (+200)		200 (+200)

[1] Amount contained in legislation reported by the House International Relations Committee on Mar. 2, 1976.

COMMITTEE COMMENT

The Atlantic Convention would be a convention of delegates from the North Atlantic Treaty parliamentary democracies, and other parliamentary democracies the convention may invite, to explore the possibility of agreement on a declaration that it is the goal of their peoples to transform their present relationship into a more effective unity based on federal or other democratic principles.

PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

MILITARY ASSISTANCE

Foreign Military Sales Credits, Proprietary Receipts

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
050		−364,583	−364,583	−364,583	−364,583

COMMITTEE COMMENT

This item represents repayments of credits extended under the foreign military sales program.

Advances, Foreign Military Sales

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
050	(1)	115,700	115,700	−200,000	−200,000

[1] Permanent authority.

COMMITTEE COMMENT

The President, under sections 22 and 23 of the Foreign Military Sales Act, has permanent authority to finance procurement of defense articles and services to be sold on cash or credit terms to foreign countries. The revolving fund, from which these advances are made, is replenished by payments from the purchasing government. According to the OMB, the most recent revised budget estimate for this account shows a net budget authority requirement for fiscal year 1977 of $115.7 million and a negative outlay impact of $200 million.

Liquidation of Foreign Military Sales Fund

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
050				**−11,900**	**−11,900**

COMMITTEE COMMENT

This budget account was created by section 524(b)(2) of the Foreign Assistance Act which requires that any moneys paid into the special foreign military sales fund which was terminated on June 30, 1968, shall be transferred to the general fund of the Treasury.

Indochina Postwar Reconstruction Funds

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150				**5,978**	**5,978**

COMMITTEE COMMENT

In his fiscal year 1976 security assistance request, the President asked for authority to use remaining Indochina Postwar Reconstruction funds to assume the liabilities of the South Vietnamese, Cambodian, and Laotian Governments under any contract of such government which was financed or approved for financing by AID. Such authority is contained in pending fiscal year 1976 security assistance authorizing legislation. The outlays estimated above would be used to pay such liabilities and to pay closing costs for direct U.S. Government contracts with firms which operated in Indochina.

INTERNATIONAL DEVELOPMENT ASSISTANCE

The Committee on International Relations urges the Committee on the Budget to provide for the full amount authorized for fiscal year 1977 for international development assistance. In some cases, the President has requested less than the amount authorized. There is no indication that these reductions are attributable to any lessening of need for this type of assistance. On the contrary, the requirements of the poor countries for outside help remains high, worldwide inflation continues to reduce the impact of the foreign aid dollar, and the needs of the world's desperately poor people are far from met.

Even if the full amounts authorized for international development assistance are appropriated, these amounts, together with food aid under Public Law 480, contributions to international agencies, and other economic assistance funds, commonly referred to as Official Development Assistance, would amount to only 0.23 percent of the U.S. gross national product. In 1974 with 0.25 percent of our GNP devoted to Official Development Assistance (ODA), the United States ranked 13th out of 17 industrialized countries, based on the ODA/GNP ratio; only Austria, Finland, Italy, and Switzerland had lower ratios.

The levels of funding for development assistance contained in H.R. 9005 (the International Development and Food Assistance Act of 1975) have very good support in the House. The bill passed by an 89-vote margin, and the conference report by a 115-vote margin. This bill represents at least a beginning of a U.S. response—financially, not just rhetorically—to the vast needs acknowledged at the World Food Conference, over a year ago, and in Secretary Kissinger's statement to the Seventh Special Session of the U.N. General Assembly this past fall.

The problem of development is a human problem and is best seen in the perspective of human beings:

> An estimated 800 million persons in the developing world suffer from malnutrition.
>
> For the poorest, life expectancy is almost 30 years less than in the United States.
>
> Infant mortality is nearly four times higher than in the United States. One of every five children dies before the age of 5.
>
> There is no regular access to health services for 85 percent of the people in less-developed nations.
>
> Current world population of 4 billion will double in 40 years if present growth rates continue. Population growth in the less-developed countries will account for 85 percent of that growth.

Through development assistance, the United States seeks to help solve those most pressing problems of poor people in poor countries.

The human perspective is most important in assessing the impact of congressional action on the attitudes of the Third World countries. Given the human perspective described above, we should be mindful of the way the world's poorest countries view this action of the representatives of the people of the world's richest country. If we do not increase, however slightly, our level of development assistance, other donors will be discouraged, and inevitable consequences will follow:

> Without an increase in United States and other donor official assistance, economic stagnation will characterize the 2d Development Decade.

Without an increase in U.S. official development assistance our rhetorical commitment to development, expressed by the Secretary of State at the U.N. 7th Special Session and more recently in Latin America and by our delegation to the World Food Conference, will be running several percentage points ahead of our actual disbursements of Official Development Assistance.

The present and impending gap between our pronouncements and our performance in the economic assistance area cannot help but exacerbate the North-South split between the rich and poor nations.

U.S. efforts to persuade OPEC countries to increase their assistance flows are not likely to meet with much success as long as U.S. assistance flows remain constant or actually decline.

The timing of this year's congressional action is critical toward assuring a continuation of the momentum of congressional initiatives to reform and reshape the development assistance program. Beginning in 1973 the House initiated and the Congress supported legislation to overhaul development aid:

Specifically, the legislation of 1973 and 1975 focused our development assistance on the most basic and pervasive problems of the poor, and narrowed our priorities to areas of critical importance:

Food production and nutrition,
Family planning and health, and
Education and human resources development.

The Agency for International Development is responding to this congressional initiative and has directed its energies to changing the focus of the program to meet the congressional mandate.

In Public Law 94–161 (H.R. 9005) the Congress approved levels higher than the budget request for new development assistance programs consistent with these reforms.

Unfortunately, the fiscal year 1976 economic assistance program under title I of the foreign assistance appropriation bill, now pending before the Senate, is $206 million below the President's budget request and over $318 million below the level authorized by the House.

It is, therefore, imperative, given the anticipated reductions in the fiscal year 1976 foreign assistance appropriation and the already disproportionately small share of our GNP devoted to ODA, that the House budget resolution level recommended by the Committee on the Budget be sufficiently high to accommodate the fiscal year 1977 levels contained in Public Law 94–161 (H.R. 9005).

That AID could wisely program and obligate funds at the authorized level in fiscal year 1977 is without question for the following reasons:

The President's fiscal year 1977 budget request necessarily assumed full appropriation of the administration's fiscal year 1976 request. It now appears that this fiscal year 1976 economic assistance appropriation will be in the range of $200 million below the President's request.

This $200 million shortfall will necessarily have to be deferred and incorporated into fiscal year 1977 and future year appropriations.

Since the President's fiscal year 1977 budget request is $175.7 million below the authorized level, a large portion (approximately 85 percent) of the fiscal year 1976 shortfall in program requirements could be funded in fiscal year 1977 without exceeding the authorized levels.

H.R. 9005 represents congressional affirmation of the minimum amounts required for investment in development assistance to bring the economies of the developing countries to the point where they can provide on their own essential goods and services for their citizens.

The levels contained in H.R. 9005 also represent the minimum amounts necessary for investment in developing countries so they can bring their economies up to the level where they can trade and work with us. In an interdependent world our future prosperity is hinged in no small measure to the prosperity and purchasing power of over half of the world's population residing in developing countries.

For all these reasons we must continue the congressionally initiated "New Directions" in development aid—and must provide adequate funds for that purpose.

Food and Nutrition

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	**745,000**	**633,600**	**745,000 (+111,400)**	**588,880**	**610,900 (+22,020)**

COMMITTEE COMMENT

The funds provided for this account are used for agricultural development, rural development, and nutrition programs in the developing countries. They are not used to ship U.S. agricultural commodities, which are furnished under the Food for Peace Program (Public Law 480), but to provide assistance so that developing countries can improve their own agricultural production, increase economic activity in rural areas to support agricultural production and benefit the rural poor, and attack the malnutrition which afflicts so many millions in the poor countries.

The amount recommended by the committee is the level which the Congress approved in authorizing legislation passed in December 1975. Despite the subsequent reduction of that level in the President's budget for fiscal year 1977, the full amount is needed and can be well used. The President requested $628.8 million for food and nutrition for fiscal year 1976, and identified additional program requirements amounting to $136 million for that fiscal year. Yet the appropriation bill passed by the House on March 4 contained only $487.5 million for this purpose. The shortfall caused by such appropriation cuts in fiscal year 1976, as well as the additional program requirements of nearly $100 million identified by the administration for fiscal year 1977, can be funded only in part, even if the full $745 million authorized is provided for fiscal year 1977.

Moreover, the higher the appropriation for section 103 of the Foreign Assistance Act, "Food and Nutrition", the more funds there will be available to increase agricultural research and training programs carried out by U.S. land grant and other universities under the new "Title XII" of the recent development aid authorization bill.

The committee is of the opinion that this U.S. assistance to developing countries to help them grow more of their own food, to improve their agricultural policies and practices, to increase the productive capacity of their rural areas, and to raise their nutrition levels, constitutes a modest response to the great needs which were so widely acknowledged at the World Food Conference.

It is not enough for the United States and other wealthy countries to provide food aid for developing countries that may need it. Nearly as urgent—and much more important in the long run—is helping countries to boost their own food production and create opportunities for the poor to earn at least enough to buy the food they need to stay alive.

68-249 O - 76 - 23

Population Planning and Health

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	**275,600**	**275,600**	**275,600**	**211,670**	**211,670**

COMMITTEE COMMENT

The funds requested by the President for this account are needed to support programs in three basic areas: (1) Low-cost-integrated health and population planning delivery systems; (2) Preventive health programs; and (3) Population planning programs which include education in responsible parenthood and motivational programs as well as delivery of family planning services.

Development efforts over the past 20 years have helped improve the health and reduce the fertility of the millions of poor people in the developing countries. Death and disease rates have declined rapidly but they are still considerably above those found in the United States and other industrialized nations. While birth rates have begun to fall in some areas, death rates have dropped more rapidly. As a result, the population of many countries has increased rapidly and is likely to double before the end of this century.

Given current, modest economic growth rates, the quality of life in most developing countries shows little improvement and may even deteriorate if their populations continue to grow. Most of the 2.5 billion people who live in the developing countries continue to face hunger, malnutrition and disease with little or no access to productive services needed to ease their plight.

—In Africa, 1 in 7 or 15 percent of all children die before their first birthday as compared with only 1 in 50 or about 2 percent in the United States.

—Children under the age of 5 years still pay the highest price in terms of sickness and death, primarily from malnutrition and a combination of respiratory and gastro-intestinal disease that would be routinely controlled in the United States.

—Half of the people in the developing countries are children under the age of 15 who must rely largely on others to meet their needs.

—Life expectancy in developing countries is still only 50 years or less compared to 71 years in the United States.

Today, some 85 percent of the people in developing countries still lack adequate access to basic health, family planning and nutrition services. These funds are an important means of providing such access to millions in the poor countries and, at the same time, attacking the problem of rapid population growth, which remains crucial to the future of the developing countries, and indeed to the future of all mankind.

Education and Human Resources Development

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	**101,800**	**101,800**	**101,800**	**80,799**	**80,799**

COMMITTEE COMMENT

The funds requested for this account are needed to help the poor in the developing countries gain skills and knowledge to improve their lives.

The average literacy rate in the developing countries is about 40 percent; in many countries where these funds will be used the rate is as low as 10 percent or less. The number of children aged 5 to 14 who are in school in the developing countries has risen from under 100 million in 1950 to over 200 million today. But the number not in school has also risen during the same period, so that there are still more school-age children not in school than there are in school.

These funds will help provide some basic education to millions of children who would otherwise have none at all, and will help developing countries make their education systems, both formal and nonformal, more relevant to the needs of their people.

Technical Assistance, Energy, Research, Reconstruction, and Selected Development Problems

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	104,500	83,200	104,500 (+21,300)	37,427	47,000 (+9,573)

COMMITTEE COMMENT

The funds provided for this account are to go for several important purposes which do not fit within the three major aid categories. Among them are technical assistance through U.S. private voluntary agencies; programs to help developing countries cope with their energy problems; research; reconstruction following natural disasters; special development problems faced by the poorest countries; programs to help the urban poor; and ocean freight costs paid by U.S. voluntary agencies for overseas shipments of commodities.

The full amount authorized is required to provide sufficient funds for voluntary agency programs, as well as to cover increased costs of ocean freight shipments by these agencies. The level recommended by the President would cut back on these programs at a time when the Congress has called for increased emphasis on private agencies to assist in carrying out our development aid programs.

Selected Development Problems

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150				70,903	70,903

COMMITTEE COMMENT

This item represents outlays from prior year funding for this account, which in fiscal year 1976 was subsumed under "Technical Assistance, Energy, Research, Reconstruction, and Selected Development Problems."

Selected Countries and Organizations

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150				15,972	15,972

COMMITTEE COMMENT

This item represents outlays from prior year funding for this account, which in fiscal year 1976 was subsumed under "Technical Assistance, Energy, Research, Reconstruction, and Selected Development Programs."

American Schools and Hospitals Abroad

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	25,000	7,500	25,000 (+17,500)	13,397	21,300 (+7,903)

COMMITTEE COMMENT

This program provides grants to American-sponsored private institutions in foreign countries to help demonstrate American ideas, practices, and recent progress in education and medicine.

The full amount authorized is needed to carry out this worthwhile program. The President's request represents a sharp reduction in the level of funding provided for this program over the past several years.

International Organizations and Programs

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	219,900	172,650	219,900 (+47,250)	171,954	209,900 (+37,946)

COMMITTEE COMMENT

The funds in this account are for voluntary contributions by the United States to various international organizations and programs.

The difference between the committee's recommendation (which increased the administration's original request by $5 million) and the administration's revised request for fiscal year 1977 is $47.25 million. The difference involves four programs which the administration's revised request would cut:

The United Nations Development Program (UNDP) would be cut from $130 million to $100 million. The UNDP is the primary U.N. agency providing technical assistance to developing countries, and is currently providing some $500 million worth of assistance a year. U.S. contributions have fallen from 37 percent of total contributions in 1966 to 19 percent in 1976. The recommended level of $130 million would raise U.S. participation to 23 percent. For the 5-year country programing cycle 1972–76 total voluntary contributions were $1.5 billion, and recipient countries provided another $2 billion. In the next 5-year program cycle (1977–81), 80 percent of the program will be directed to countries with per capita incomes of $500 or less.

The United Nations Children's Fund (UNICEF) would be cut from $20 million to $17 million. UNICEF's purpose is to improve the long-range and immediate welfare to children through providing services to both children and mothers. The total funding level for 1976 was approximately $70.5 million. UNICEF is supported solely by voluntary contributions from governments and individuals. It emphasizes self-help programs, the scope of which includes improved nutrition, maternal and child health, basic education, emergency aid, and basic services such as clean water. UNICEF's role has become increasing crucial with the deterioration that has been taking place in the situation of children in many of the poorest developing countries.

U.N. Relief and Works Agency for Palestine Refugees (UNRWA) would be reduced from $30.7 million to $26.7 million. The relief services include shelter, food, camp improvements, and education. UNRWA's 1976 budget totaled $139.7 million.

Organization of American States (OAS) would be reduced from $25.2 million to $15.05 million. The funds are used to support four voluntary programs: regional development activities in education, science, and technology; joint projects dealing with educational, scientific, and technological problems; technical cooperation for economic and social development programs; and export promotion.

Voluntary contributions to international organizations and programs

[In thousands of dollars]

	Committee recommendations		Revised administration request fiscal year 1977
	Fiscal year 1976	Fiscal year 1977	
United Nations	173,700	194,650	157,650
UN Development Program	120,000	130,000	100,000
UN Children's Fund	20,000	20,000	17,000
International Atomic Energy Operational Fund	3,500	5,000	5,000
World Meteorological Organization Voluntary Assistance Program	1,500	2,000	2,000
UN/Food and Agriculture Organization: World Food Program	1,500	1,500	1,500
UN Institute for Training and Research	400	400	400
UN Relief and Works Agency for Palestine Refugees	26,700	30,700	26,700
UN Educational and Training Program for Southern Africa	50	50	50
World Heritage Fund	50		
UN Revolving Fund for Natural Resources Exploration		5,000	5,000
Organization of American States	20,800	25,200	15,050
Total: International organizations and programs	194,500	219,900	172,700

United Nations Environment Fund

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150		**5,000**	**10,000 (+5,000)**	**5,000**	**10,000 (+5,000)**

COMMITTEE COMMENT

The administration's request of $5 million for fiscal year 1977 would bring the total U.S. contribution to the U.N. Environment Fund to $25 million for the 5-year period 1973–77—$15 million below its original pledge of $40 million for the 5-year period. The committee feels that this is an important program and that the United States should go at least some distance in making up its shortfall.

The U.N. Environment Program (UNEP) was established in 1973, pursuant to the Stockholm Conference on the Human Environment.

The purpose of UNEP is to coordinate and support international environmental programs, particularly in the fields of identification and control of pollutants, monitoring, conservation, human settlements, information exchange, education, training, and research. UNEP functions include the Global Environmental Monitoring System, the International Referral System, the development of environmental management and assessment capabilities, and education, information, technical assistance, and training.

The creation of the United Nations Environment Fund was largely the result of U.S. efforts, and the United Nations Environment Program Participation Act of 1973 (H.R. 6788) authorized a U.S. contribution of up to $40 million (40 percent) of a total fund of $100 million.

The U.S. contribution was to be paid in four installments over the 5-year period 1973–77. The U.S. share has been and is budgeted to be funded at the following levels:

Fiscal year:	*Amount*
1974	$7.5
1975	5.0
1976 request	7.5
1977 request	5.0
Total	25.0

As of October 31, 1975, pledges from 61 countries totaled $109.4 million for the 5-year period 1973–77.

International Disaster Assistance

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	25,000	25,000	25,000	24,024	24,024

COMMITTEE COMMENT

This account provides funds for the United States response to natural and manmade disasters around the world. The level of $25 million was set by the Congress on the basis of past experience to provide funding for "routine" disasters. The relatively small amount provided in this account frequently is insufficient to cover the need for disaster relief funds.

In 1975 the administration sought approval of a standing disaster relief fund of up to $20 million in permanent authorization which could be replenished through the appropriation process as funds were required to be used. Because of the loss of authorizing committee controls implicit in such a scheme, the committee rejected the idea and instead authorized a firm annual amount. At the same time, it noted that extraordinary disaster situations would be met by separate, special authorizations as necessary. In recent months three such situations have occurred: the Guatemala earthquake, civil war in Lebanon, and civil war in Angola. The committee has reacted to these disasters by establishing a budget allocation for each.

Special Disaster Relief and Reconstruction

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150				29,561	29,561

COMMITTEE COMMENT

This account represents outlays from funds provided pursuant to the Foreign Disaster Assistance Act of 1974, which provided funds for Nicaragua, Pakistan, and drought areas in Africa.

Guatemala Disaster Relief

[In thousands of dollars]

Budget function	Budget authority: Authorization	Budget authority: President's request	Budget authority: Committee recommendation (difference)	Outlays: President's request	Outlays: Committee recommendation (difference)
150				**6,000**	**6,000**

COMMITTEE COMMENT

This account represents outlays estimated in the Guatemala disaster assistance bill currently under consideration.

Foreign Service Retirement Fund

[In thousands of dollars]

Budget function	Budget authority: Authorization	Budget authority: President's request	Budget authority: Committee recommendation (difference)	Outlays: President's request	Outlays: Committee recommendation (difference)
150	(1)	**16,680**	**16,680**	**16,680**	**16,680**

[1] Permanent authority.

COMMITTEE COMMENT

This amount is required to pay for the fiscal year 1977 annual installment needed to cover the unfunded liability of Agency for International Development foreign service employees who are now included in the Foreign Service Retirement and Disability System.

Portugal and Portuguese Colonies

[In thousands of dollars]

Budget function	Budget authority: Authorization	Budget authority: President's request	Budget authority: Committee recommendation (difference)	Outlays: President's request	Outlays: Committee recommendation (difference)
150				3,996	3,996

COMMITTEE COMMENT

This account represents the fiscal year 1977 outlays from prior year appropriations for assistance to Portugal and the former Portuguese colonies.

Prototype Desalting Plant

[In thousands of dollars]

Budget function	Budget authority: Authorization	Budget authority: President's request	Budget authority: Committee recommendation (difference)	Outlays: President's request	Outlays: Committee recommendation (difference)
150				4,000	4,000

COMMITTEE COMMENT

This account represents the fiscal year 1977 outlays from assistance provided in prior years to assist Israel in constructing a prototype desalting plant.

Albert Schweitzer Hospital

[In thousands of dollars]

Budget function	Budget authority: Authorization	Budget authority: President's request	Budget authority: Committee recommendation (difference)	Outlays: President's request	Outlays: Committee recommendation (difference)
150				700	700

COMMITTEE COMMENT

This item represents fiscal year 1977 outlays from prior-year funds provided for the Albert Schweitzer Hospital in Gabon.

Social Progress Trust Fund

[In thousands of dollars]

Budget function	Budget authority: Authorization	Budget authority: President's request	Budget authority: Committee recommendation (difference)	Outlays: President's request	Outlays: Committee recommendation (difference)
150				**3,014**	**3,014**

COMMITTEE COMMENT

This item represents fiscal year 1977 outlays from funds previously provided to the Social Progress Trust Fund.

Inter-American Foundation

[In thousands of dollars]

Budget function	Budget authority: Authorization	Budget authority: President's request	Budget authority: Committee recommendation (difference)	Outlays: President's request	Outlays: Committee recommendation (difference)
150				**8,144**	**8,144**

COMMITTEE COMMENT

This item represents fiscal year 1977 outlays of funds previously provided to the Inter-American Foundation, which carries out programs of social development in Latin America and the Caribbean.

Overseas Private Investment Corporation

[In thousands of dollars]

Budget function	Budget authority: Authorization	Budget authority: President's request	Budget authority: Committee recommendation (difference)	Outlays: President's request	Outlays: Committee recommendation (difference)
150				**−35,690**	**−35,690**

COMMITTEE COMMENT

This figure represents the estimated net between OPIC's revenues from fees and interest and its operating expenses.

International Fund for Agricultural Development

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150				**30,000**	**30,000**

COMMITTEE COMMENT

This item represents estimated fiscal year 1977 outlays from prior-year funds to be provided to the International Fund for Agricultural Development, a multilateral fund currently under negotiation, to be established for the purpose of furnishing assistance to developing countries for agricultural development. The fund is expected to total $1 billion, of which the U.S. share would be 20 percent, or $200 million.

An authorization of $200 million without fiscal year limitation has been enacted for this purpose in the International Development and Food Assistance Act of 1975.

Darien Gap Highway

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150				**7,000**	**7,000**

COMMITTEE COMMENT

This account represents fiscal year 1977 outlays from prior-year funds provided for completion of the Inter-American Highway.

Economic Assistance, Proprietary Loan Receipts

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	[1]**—446, 123**	[1]**—446, 123**	[1]**—446, 123**	[1]**—446, 123**	

[1] Of this amount, $255,158,000 for repayment of principal is included in budget function 150, "International Affairs". The balance of $190,965,000 represents interest payments which are technically included in budget function 900, "Interest".

COMMITTEE COMMENT

This item represents payments of interest and repayments of principal from foreign countries on loans and credits provided under U.S. economic assistance programs.

These funds are deposited in the U.S. Treasury.

FOOD FOR PEACE (PUBLIC LAW 480)

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	([1])	**1, 169, 255**	**1, 382, 845 (+213, 590)**	**995, 910**	**1, 202, 000 (+206, 090)**

[1] Such amounts as may be necessary.

COMMITTEE COMMENT

Public Law 480—the food-for-peace program—is of great value to the United States in a number of ways. It carries forward the humanitarian tradition of America in helping to feed hungry people. It promotes American farm exports. It aids in the implementation of U.S. foreign policy objectives with regard to friendly countries. It accomplishes these purposes through disposal of U.S. farm products deemed by the Secretary of Agriculture to be excess to commercial demand, and which are desired by the recipient countries.

The President's request for $1,169,255,000 in budget authority for Public Law 480 for fiscal year 1977 would provide for a program of $1,286,310,000 for the year—a reduction of more than $200 million from the fiscal year 1976 program of approximately $1.5 billion for Public Law 480.

The executive branch's planned Public Law 480 program level for fiscal year 1977, in terms of commodity volume, is about 6.2 million tons. This volume is only slightly below that estimated for this year, reflecting calculations that Public Law 480 commodity prices will be lower in fiscal year 1977. However, the committee also has received expert opinion indicating that the executive estimates on expected commodity costs are too low. In that event an increase in the budget levels would be required in order to maintain the volume planned for fiscal year 1977.

In view of these circumstances, and because of the importance the committee attaches to the food-for-peace program, it opposes the reduction made by the President and strongly recommends restoration of the program in fiscal year 1977 to the $1.5 billion level which applies to the current year. In budget authority, the committee's recommendation would place the fiscal year 1977 figure at $1,382,845,000. Estimated outlays for fiscal year 1977 would be $1,202 million.

The committee believes it is in the national interest of the United States to maintain its leadership in the international campaign to alleviate hunger, a position which would be weakened by a reduction of its food aid budget at this time. The requests of countries for Public Law 480 assistance are in excess of the $1.5 billion recommended by the committee. Private voluntary agencies have testified to a need for increased supplies for their humanitarian grant programs carried out under Public Law 480. There is continuing value from Public Law 480 in promoting our farm sales abroad, and continuing foreign policy interests to be served. For these reasons the committee is against cutting the food-for-peace budget and recommends continuing in fiscal year 1977 at this year's program level.

ARMS CONTROL AND DISARMAMENT AGENCY

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	**[1] 12,200**	**[1] 12,200**	**[1] 12,200**	**11,550**	**11,550**

[1] $11,530,000 (plus $325,000 for nondiscretionary pay act costs) under Public Law 94–141, and the balance of $345,000 out of the $1,408,000 remaining under the Agency's original authorization.

COMMITTEE COMMENT

The dominant activity of the Arms Control and Disarmament Agency is participation in or support of a variety of arms control negotiations. Chief among these negotiations in terms of time, manpower, and budget resources required is SALT, the Strategic Arms Limitation Talks. In addition, the Agency provides research and other backup support in such conventional and regional arms control efforts

as MBFR, chemical and biological weapons, and nuclear nonproliferation. The balance of the Agency's manpower and funds are used for administrative support, liaison with other government entities, and public information. Under the provisions of Public Law 94–141, the Agency has most recently been mandated to participate in the formulation of arms control impact statements on proposed weapons systems.

Section 141 of Public Law 94–141 authorized to be appropriated for the U.S. Arms Control and Disarmament Agency "for fiscal years 1976 and 1977 the sum of $23,440,000 (and such additional amounts as may be necessary for increases in salary, pay, retirement, other employee benefits authorized by law, and other nondiscretionary costs)". Of the $23,440,000 authorized, the Agency had identified $10,690,000 for fiscal year 1976 and $11,310,000 for fiscal year 1977 and the Congress added $1,000,000 for a "study of the impact upon military expenditures of arms control measures mutually agreed to by the United States and the Soviet Union" and $440,000 "for the purpose of conducting research, in consultation with the International Atomic Energy Agency, with respect to the development of nuclear safeguard techniques." The Agency is applying $220,000 of the $440,000 authorized for increased safeguards research to fiscal year 1977. When this $220,000 is added to the $11,310,000 which the Agency had previously identified for fiscal year 1977, the result is a total authorization for the Agency of $11,530,000 for fiscal year 1977 currently available under Public Law 94–141.

The Agency has submitted a fiscal year 1977 budget of $12,200,000 consisting of an initial $11,800,000 budget estimate plus a $400,000 budget amendment. Included in the total appropriation request of $12,200,000 is $325,000 attributable to nondiscretionary 1975 pay act costs. (In accordance with standard procedures, no amount has been included for possible 1976 pay act costs.) Because this $325,000 is covered by the above quoted language authorizing appropriations for such nondiscretionary costs, only $11,875,000 of the requested appropriation requires specific authorization. Since an authorization of only $11,530,000 for fiscal year 1977 is currently available under Public Law 94–141, the Agency will be drawing on part of the remaining $1,408,000 balance of its original $10,000,000 "no-year" authorization of appropriations for the $345,000 difference between this $11,530,000 and the $11,875,000 portion of the requested appropriation which requires specific authorization.

DEPARTMENT OF STATE

United Nations University

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	10,000	----------	10,000 (+10,000)	---------	10,000 (+10,000)

COMMITTEE COMMENT

This sum is to be used as a U.S. contribution to the endowment fund of the U.N. University in Tokyo, approved by the General Assembly of the United Nations in December 1973. In no case may the U.S. contribution exceed 25 percent of the total amount actually contributed to the endowment fund by other members of the United Nations. The rector of the university is a U.S. educator. It is expected that the total U.S. contribution will be about $50 million.

In fiscal year 1976, $10 million was authorized to be appropriated in fiscal year 1977 "upon request of the President." No request has been made for fiscal year 1977.

Gifts and Bequests, National Commission on Educational, Scientific, and Cultural Cooperation

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	50	50	50	50

[1] Permanent authority.

COMMITTEE COMMENT

The National Commission on Educational, Scientific, and Cultural Cooperation, the national body of UNESCO, is authorized to receive gifts and bequests which it may use to further its activities.

(Authority: 22 U.S.C. 287(q).)

68-249 O - 76 - 24

Educational Exchange Fund, Finland

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	352	352	375	375

[1] Permanent authority.

COMMITTEE COMMENT

The educational exchange fund is derived from payments by Finland for debts incurred by that country during World War I.

(Authority: Public Law 87–256, sec. 105(e).)

Non-U.S. Government Contributions to Mutual Educational and Cultural Exchange Act Activities

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	225	225	251	251

[1] Permanent authority.

COMMITTEE COMMENT

Funds contributed by foreign governments, international organizations, and private individuals, firms, associations, agencies, and other groups are used to meet the expenses of carrying out the authorized activities and purposes of the Mutual Educational and Cultural Exchange Act.

(Authority: Public Law 80–402.)

International Center, District of Columbia

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	2,780	2,780	2,304	2,304

[1] Permanent authority.

COMMITTEE COMMENT

Property owned by the United States in the District of Columbia will be sold or leased to foreign governments for use as embassies. Proceeds will finance the costs of site preparation.

(Authority: Public Law 90–533.)

Panama Canal Payment

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	2,328	2,328	2,328	2,328

[1] Permanent authority.

COMMITTEE COMMENT

Annual payment is made to the Government of Panama in consideration of rights granted in perpetuity with regard to the construction of the Panama Canal.

(Authority: Treaty of 1903, 33 Stat. 2238; 53 Stat. 1818.)

Gifts, Department of State

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	([1])	**647**	**647**	**576**	**576**

[1] Permanent authority.

COMMITTEE COMMENT

The Secretary of State has authority to accept on behalf of the United States unconditional and conditional gifts for the benefit of the Department to carry out the functions of the Department. Any gifts of money are deposited in the Treasury to be held in trust for the benefit of the Department and the Foreign Service and need not be appropriated.

(Authority: Public Law 79–724, sec. 1021.)

Foreign Service Act Retirement Fund Payments

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	([1])	**39,800**	**39,800**	[2] **47,855**	[2] **47,855**

[1] Permanent authority.
[2] Includes $8,055,000 carried in "Administration of Foreign Affairs," page 7.

COMMITTEE COMMENT

The Foreign Service Act requires the Secretary of the Treasury, beginning in 1971, to make annual payments to the retirement fund on a sliding percentage scale of an amount equal to: (1) interest on the unfunded liability, and (2) annuity disbursements attributable to military service.

(Authority: Public Law 79–724, sec. 866.)

State Department, Proprietary Receipts and Interfund Transactions

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150		**−74,485**	**−74,485**	**−74,485**	**−74,485**

COMMITTEE COMMENT

This item represents collection of loans made from the diplomatic and consular emergency fund; collection of loans made to the United Nations; payment by Finland of World War I debt; receipts of sale of real property at the International Center, D.C.; Federal contributions to the Foreign Service fund; and receipts from sale and transmission of electricity at Falcon Dam.

UNITED STATES INFORMATION AGENCY

Non-U.S. Government Contributions to USIA Activities

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	**31**	**31**	**31**	**31**

[1] Permanent authority.

COMMITTEE COMMENT

U.S. dollars advanced by foreign governments and/or private organizations for Agency use and contributions from non-Federal sources for the procurement and shipping of books to overseas missions.

(Authority: Public Law 80–402; sec. 701; 902; Public Law 87–256, sec. 105(f).)

United States Information Agency, Proprietary Receipts

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150		−541	−541	−541	−541

COMMITTEE COMMENT

This item represents income from sale of periodicals, sale of obsolete equipment, scrap and salvage proceeds, library fines, and repayment of loans to binational centers.

OTHER TRUST FUNDS

Japan-United States Friendship Trust Fund

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	[1] 7,400		[1] 7,400 (+7,400)		1,400 (+1,400)

[1] Of which $6 million represents the unappropriated balance of the $36 million authorized by Public Law 94–118 and $1.4 million represents the estimated Trust Fund interest to be appropriated pursuant to permanent authority contained in that act.

COMMITTEE COMMENT

The Japan-United States Friendship Act (Public Act 94–118), which became law on October 20, 1975, created a Trust Fund for cultural, scholarly and artistic purposes. The Fund consists of the remaining GARIOA funds ($12 million in Japanese yen), as well as 7½ percent of the funds being paid to the United States by Japan in connection with the reversion of Okinawa to Japanese administration. Of the total of $36 million authorized under the Trust Fund, a total of $30 million has actually been appropriated. The remaining $6 million of the authorized capital should be appropriated in fiscal year 1977.

In addition, the interest which accrues to the Commission administering the Trust Fund, and which comprises the bulk of its operating funds, is authorized but also requires appropriation. It is estimated that the accrued interest requiring appropriation in fiscal year 1977 is approximately $1.4 million.

Peace Corps, Miscellaneous Trust Funds

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
150	(1)	245	245	245	245

[1] Permanent authority.

COMMITTEE COMMENT

These funds are derived from host country contributions and donations by private groups in the United States and are used to support Peace Corps projects abroad.

EXPORT PROMOTION AND CONTROL

International Economic Policy and Research

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
400	(1)	7,262	7,262	7,262	7,262

[1] Permanent authority.

COMMITTEE COMMENT

The program provides the U.S. Government with economic analyses, policy recommendations and negotiating strategies for the successful implementation of international economic policies. The program's role in the development of U.S. international commercial policy is focused principally on promoting U.S. international commerce to insure commercial interest in the development of trade and investment policies. The 1977 request reflects the elimination of the competitive assessment program.

International Trade and Development

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
400	(1)	**19,991**	**19,991**	**19,991**	**19,991**

[1] Permanent authority.

COMMITTEE COMMENT

Encourages and assists U.S. businesses to export by conducting market research and trade promotion events overseas, such as trade fairs, trade center shows, trade missions, seminars, and department store promotions of U.S. consumer goods in both developed and emergent markets; by assisting U.S. companies to compete for foreign capital projects and product purchases; and by providing foreign marketing information and "early warnings" of overseas sales leads. Increased resources will provide for the establishment of a trade center in Sao Paulo, Brazil. The 1977 request reflects the elimination of the commercial presence fairs, the closing of two developed market trade centers which are of lower priority than other export promotion activities, and a reduction in the scope of activities at the Frankfurt Trade Center for which other events in the German market will be substituted.

East-West Trade

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
400	(1)	**4,227**	**4,227**	**4,227**	**4,227**

[1] Permanent authority.

COMMITTEE COMMENT

Implements the national program to expand the U.S. trade with the centrally planned markets of the U.S.S.R., Eastern Europe, and the People's Republic of China, and to maintain and normalize commercial and economic relationships with these countries.

Export Administration

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
400	(1)	5,500	5,500	5,500	5,500

[1] Permanent authority.

COMMITTEE COMMENT

Administers the Export Administration Act of 1969, as amended, to assure that the national security is not compromised by items exported, that foreign policy objectives are furthered, that the domestic economy is protected from the excessive drain of scarce materials and commodities, that the inflationary impact of foreign demand is reduced, and that restrictions on access to foreign supplies that have or may have a serious domestic inflationary impact, have caused or may cause a serious domestic shortage, or have been imposed for purposes of influencing the foreign policy of the United States are removed.

OTHER PROGRAMS

Foreign Service Retirement and Disability Fund

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
600	(1)	106,249	106,249	79,644	79,644

[1] Permanent authority.

COMMITTEE COMMENT

The Foreign Service retirement and disability fund is used primarily for the payment of annuities to Foreign Service personnel. The fund is maintained through (1) contributions of employers and employees; (2) investment income; and (3) appropriated funds.

(Authority: Public Law 79–724, sec. 802; 811.)

Council on International Economy Policy

[In thousands of dollars]

Budget function	Budget authority			Outlays	
	Authorization	President's request	Committee recommendation (difference)	President's request	Committee recommendation (difference)
800	1,670	1,466	1,670 (+204)	1,248	1,452 (+204)

COMMITTEE COMMENT

On March 20, 1975, the President requested authorization for CIEP of $1.657 million for fiscal year 1976 and of $1.67 million for fiscal year 1977. After hearings, the committee approved the recommended levels, and the Congress endorsed the committee action. Now, however, in order to meet its spending ceiling, the administration wants to cut CIEP by $204,000 (thereby reducing its permanent positions from 29 to 21). Given the rising importance of economic issues in international relations and the continued controversy over U.S. foreign economic policy, the committee recommends that CIEP be maintained at the level of 29 staff positions.

PART II

VIEWS OF THE COMMITTEE ON INTERNATIONAL RELATIONS CONCERNING THE BUDGET FOR THE TRANSITION QUARTER

INTERNATIONAL DEVELOPMENT AND HUMANITARIAN ASSISTANCE PROGRAMS

There are certain development and humanitarian assistance activities under the jurisdiction of the Committee on International Relations which are authorized for fiscal year 1976 or subsequent fiscal years, but which are unlikely to be fully funded during fiscal year 1976. Some of these items are likely to be funded instead, in whole or in part, during the transition quarter.

International Fund for Agricultural Development (IFAD)

The International Fund for Agricultural Development is a multilateral fund to help developing countries in the field of agriculture. Under an agreement recently negotiated among potential donor countries, the Secretary General of the United Nations is to convene a meeting for the purpose of signing Articles of Agreement after he is notified of pledges to the Fund amounting to at least $1 billion. The notifications are hoped for by mid-April, with a signing meeting to be called in May.

The United States expects to pledge $200 million, as authorized in the International Development and Food Assistance Act of 1975.

Following the signing, the Articles of Agreement will come into force (and the Fund will be established) upon deposit of instruments of ratification totaling at least $750 million. The instruments of ratification must be deposited within 18 months of signing.

The administration expects to request appropriation of the U.S. contribution following the signing of the Articles of Agreement and to have the funds in hand before depositing an instrument of ratification.

Under these circumstances, while the need for a U.S. contribution within several months after a signing meeting seems likely, it appears entirely probable that the contribution will not be both requested by the President and appropriated by the Congress before the end of fiscal year 1976. Yet the President's fiscal year 1977 budget shows $200 million of budget authority for the Fund in fiscal year 1976, rather than in the transition quarter.

Therefore, the committee urges the Committee on the Budget to include the $200 million U.S. contribution to the Fund within the ceiling established for the transition quarter.

Indus Basin Development, Loans and Grants

The Indus Basin project, begun in 1960 and scheduled for completion in 1976, is a construction program to insure an equitable disivion of the waters of the Indus Basin between India and Pakistan. It will help provide arable land for over 50 million people in those countries.

The United States participates in this project as part of a multilateral consortium administered by the World Bank. Under the international agreements through which the project is financed and implemented, the United States and the other donor countries have pledged to contribute funds as needed to carry out the project.

The final U.S. contribution of loans—amounting to $10 million—was requested in fiscal year 1976. However, the Foreign Assistance and Related Programs Appropriations Bill passed by the House on March 4 contains $5 million for Indus Basin loans.

If the final appropriation for fiscal year 1976 is less than $10 million, the balance will be needed during the transition quarter and should be included in the ceiling.

With respect to grants, the President requested and the Congress passed an authorization of $27 million for the final U.S. contribution of grants for Indus Basin development. Of that amount, the President requested appropriation of $22.5 million in fiscal year 1976 and the remaining $4.5 million in the transition quarter. Instead, the House-passed appropriation bill contains $9 million for fiscal year 1976 and $2.25 million for the transition quarter.

If the final appropriation for fiscal year 1976 is less than $22.5 million, the balance will be needed during the transition quarter and should be included in the ceiling.

Cyprus Relief and Rehabilitation

According to AID, approximately 200,000 Cypriots remain dependent on relief funds for their subsistence.

Accordingly, the President requested $25 million for relief and rehabilitation aid for Cyprus. The foreign assistance appropriation bill passed by the House contained $25 million for fiscal year 1976 and $5 million for the transition quarter for this purpose.

However, this committee, believing the need for this type of assistance on Cyprus to be considerably greater, included an authorization of $50 million in the International Security Assistance Act of 1976, which passed the House on March 3. This authorization was not restricted to fiscal year 1976.

Therefore, if the final authorization for Cyprus relief and rehabilitation exceeds the final amount appropriated for that purpose for fiscal year 1976, the remaining amount authorized but unappropriated should be included in the ceiling for the transition quarter.

INTERNATIONAL SECURITY ASSISTANCE PROGRAMS

Both House and Senate versions of the fiscal year 1976 authorization for security assistance programs contain an authorization ceiling for the transition quarter of "not to exceed" one-fourth of the amounts authorized for each program and activity in fiscal year 1976. If fully appropriated, the one-fourth formula would permit an appropriation of $864.74 million for the transition quarter.

The committee recommends, therefore, that the transition quarter budget authority ceiling for the international affairs function (150) be raised from the current target of $1 billion to $1.25 billion, with an appropriate increase in the outlay ceiling. The increase would be applied to security supporting assistance programs.

PART III

TABLE OF ESTIMATES FOR FISCAL YEAR 1977

TABLE OF ESTIMATES FOR FISCAL YEAR 1977

[In thousands of dollars]

Program and budget function	Budget authority				Outlays		
	Authorization	President's request	Committee recommendation	Difference	President's request	Committee recommendation	Difference
PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977							
International Security Assistance:							
Grant military assistance (050)	(1)	294,000	222,500	−71,500	380,000	357,000	−23,000
Foreign military education and training (050)	(1)	32,900	28,200	−4,700	30,000	28,000	−2,000
Foreign military sales credits (050)	(1)	852,000	852,000	0	695,000	695,000	0
Security supporting assistance (150)	(1)	1,808,500	1,808,500	0	1,395,500	1,395,500	0
Middle East Special Requirements Fund (150)	(1)	35,000	35,000	0	36,780	36,780	0
Contingency fund (150)	(1)	10,000	5,000	−5,000	8,651	6,651	−2,000
International narcotics control (150)	(1)	34,000	34,000	0	38,000	38,000	0
Department of State:							
Administration of foreign affairs (150)	(1)	551,955	552,455	+500	509,320	509,820	+500
International organizations and conferences (150)	(1)	338,875	363,925	+25,050	322,217	347,267	+25,050
Educational exchange (150)	(1)	68,500	68,500	0	60,681	60,681	0
Migration and refugee assistance (150)	(1)	10,000	10,000	0	10,693	10,693	0
Foreign buildings operations (150)	[2] 55,202	72,735	72,735	0	50,644	50,644	0
Passport Office (150)	(3)	----------	2,000	+2,000	----------	2,000	+2,000
Foreign service retirement amendments (150)	(3)	----------	14,000	+14,000	----------	14,000	+14,000
Soviet refugee assistance (150)	[1] (3)	----------	20,000	+20,000	2,416	22,416	+20,000
United States Information Agency:							
USIA salaries and expenses (150)	(1)	256,925	256,925	0	260,382	260,382	0
USIA special international exhibitions (150)	(1)	4,841	4,841	0	7,113	7,113	0
USIA radio facilities (150)	(1)	2,142	2,142	0	2,202	2,202	0
Other Programs:							
Peace Corps (150)	[4] 81,000	67,155	81,000	+13,845	65,315	76,400	+11,085
Board for International Broadcasting (150)	[4] 58,385	53,385	58,385	+5,000	54,383	54,383	0
International commissions (300)	(1)	17,069	17,069	0	19,620	19,620	0
LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977							
Angola disaster aid (150)	----------	----------	10,000	+10,000	----------	10,000	+10,000
Lebanon disaster aid (150)	----------	----------	10,000	+10,000	----------	10,000	+10,000
Atlantic convention (150)	[5] 200	----------	200	+200	----------	200	+200

68-249 O - 76 - 25

TABLE OF ESTIMATES FOR FISCAL YEAR 1977—Continued

[In thousands of dollars]

Program and budget function	Budget authority				Outlays		
	Authorization	President's request	Committee recommendation	Difference	President's request	Committee recommendation	Difference
PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977							
Military Assistance:							
Foreign military sales credits, proprietary receipts (050)		−364,583	−364,583	0	−364,583	−364,583	0
Advances, foreign military sales (050)	(6)	115,700	115,700	0	−200,000	−200,000	0
Liquidation of foreign military sales fund (050)				0	−11,900	−11,900	0
Indochina postwar reconstruction funds (150)				0	5,978	5,978	0
International Development Assistance:							
Food and nutrition (150)	745,000	633,600	745,000	+111,400	588,880	610,900	+22,020
Population planning and health (150)	275,600	275,600	275,600	0	211,670	211,670	0
Education and human resources development (150)	101,800	101,800	101,800	0	80,799	80,799	0
Technical assistance, energy, research, reconstruction, and selected development problems (150)	104,500	83,200	104,500	+21,300	37,427	47,000	+9,573
Selected development problems (150)				0	70,903	70,903	0
Selected countries and organizations (150)				0	15,972	15,972	0
American schools and hospitals abroad (150)	25,000	7,500	25,000	+17,500	13,397	21,300	+7,903
International organizations and programs (150)	219,900	172,650	219,900	+47,250	171,954	209,900	+37,946
United Nations Environment Fund (150)		5,000	10,000	+5,000	5,000	10,000	+5,000
International disaster assistance (150)	25,000	25,000	25,000	0	24,024	24,024	0
Special disaster relief and reconstruction (150)				0	29,561	29,561	0
Guatemala disaster relief (150)				0	6,000	6,000	0
Foreign Service retirement fund (150)	(6)	16,680	16,680	0	16,680	16,680	0
Portugal and Portuguese colonies (150)				0	3,996	3,996	0
Prototype desalting plant (150)				0	4,000	4,000	0
Albert Schweitzer Hospital (150)				0	700	700	0
Social progress trust fund (150)				0	3,014	3,014	0
Inter-American Foundation (150)				0	8,144	8,144	0
Overseas Private Investment Corporation (150)				0	−35,690	−35,690	0
International fund for agricultural development (150)				0	30,000	30,000	0
Darien Gap highway (150)				0	7,000	7,000	0
Economic assistance, proprietary loan receipts (150)(900)		−446,123	−446,123	0	−446,123	−446,123	0

Food for Peace (Public Law 480) (150)	(7)	1,169,255	1,382,845	+213,590	995,910	1,202,000	+206,090
Arms Control and Disarmament Agency (150)	12,200	12,200	12,200	0	11,550	11,550	0
Department of State:							
United Nations University (150)	10,000	----------	10,000	+10,000	----------	10,000	+10,000
Gifts and bequests, National Commission on Educational, Scientific, and Cultural Cooperation (150)	(6)	50	50	0	50	50	0
Educational Exchange Fund, Finland (150)	----------	352	352	0	375	375	0
Non-U.S. Government contributions to Mutual Educational and Cultural Exchange Act Activities (150)	(6)	225	225	0	251	251	0
International Center, District of Columbia (150)	(6)	2,780	2,780	0	2,304	2,304	0
Panama Canal payment (150)	(6)	2,328	2,328	0	2,328	2,328	0
Gifts, Department of State (150)	(6)	647	647	0	576	576	0
Foreign Service Act retirement fund payments (150)	(6)	39,800	39,800	0	47,855	47,855	0
State Department, proprietary receipts and interfund transactions (150)	----------	−74,485	−74,485	0	−74,485	−74,485	0
United States Information Agency:							
Non-U.S. Government contributions to USIA activities (150)	(6)	31	31	0	31	31	0
United States Information Agency, proprietary receipts (150)	----------	−541	−541	0	−541	−541	0
Other Trust Funds:							
Japan-U.S. friendship trust fund (150)	[8] 7,400	----------	[7] 7,400	+7,400	----------	1,400	+1,400
Peace Corps, miscellaneous trust funds (150)	(6)	245	245	0	245	245	0
Export Promotion and Control:							
International economic policy and research (400)	(6)	7,262	7,262	0	7,262	7,262	0
International trade and development (400)	(6)	19,991	19,991	0	19,991	19,991	0
East-West trade (400)	(6)	4,227	4,227	0	4,227	4,227	0
Export administration (400)	(6)	5,500	5,500	0	5,500	5,500	0
Other programs:							
Foreign service retirement and disability fund (150)	(6)	106,249	106,249	0	79,644	79,644	0
Council on International Economic Policy (800)	1,670	1,466	1,670	+204	1,248	1,452	+204
TOTALS BY BUDGET FUNCTIONS							
National Defense (050)	----------	930,017	853,817	−76,200	528,517	503,517	−25,000
International Affairs (150)	----------	5,532,772	6,061,807	+529,035	4,854,997	5,245,764	+390,767
Natural Resources, Environment, and Energy (300)	----------	17,069	17,069	----------	19,620	19,620	----------
Commerce and Transportation (400)	----------	36,980	36,980	----------	36,980	36,980	----------
Income Security (600)	----------	106,249	106,249	----------	79,644	79,644	----------
General Government (800)	----------	1,466	1,670	+204	1,248	1,452	+204
Interest (900)	----------	−190,965	−190,965	----------	−190,965	−190,965	----------
Total, all programs	----------	6,433,588	6,886,627	+453,039	5,330,041	5,696,012	+365,971

[1] Pending.
[2] Supplemental authorization request of $31,458,000 is pending.
[3] Under committee consideration.
[4] Authorization level reported by the International Relations Committee.
[5] Amount contained in legislation reported by the House International Relations Committee on Mar. 2, 1976.
[6] Permanent authority.
[7] Such amounts as may be necessary.
[8] Of which $6,000,000 represents the unappropriated balance of $36,000,000 authorized by Public Law 94-118 and $1,400,000 represents the estimated trust fund interest to be appropriated pursuant to permanent authority contained in the act.

MINORITY VIEWS

We consider that the committee's action in reducing the fiscal year 1977 military assistance program is unwarranted. This action was taken without adequate analysis and without the opportunity to examine the matter with the administration. The administration-submitted request for fiscal year 1977 is already 28 percent below the fiscal year 1976 request, which indicates a general disposition toward a phase-out direction. A more precipitous reduction may have consequences that the committee should weigh carefully before reaching any conclusions. It is quite possible that the funds recommended by the committee will inhibit the achievement of our foreign policy and national security objectives in such countries as the Philippines, Jordan, Greece, and Turkey. Furthermore, the committee's reduced level for Korea clearly indicates the desirability of formal hearings, in which the administration would have indicated that the program requested was for fixed supply operations costs, not subject to "belt-tightening."

We have similar reservations concerning the reductions recommended by the committee for administrative costs. On the one hand Congress legislates that additional costs are to be charged to the MAP appropriation and on the other reduces the administration's request to accommodate the new legislation. This is double jeopardy which should not be taken lightly.

We note that the administration's training request has also been reduced. Although the amount is not substantial, the committee did not take into account that the cost of training per student has risen substantially since January 1, 1976, at the direction of Congress.

While we endorse the thrust of the International Relations Committee's report in other areas, we believe it to be neither wise nor just to deny the administration its day in court by setting a ceiling below authorization requests prior to hearing on its merits the case for such requests. We, therefore, urge the Budget Committee to take this into account in its disposition of the International Relations Committee's projections.

Edward J. Derwinski,
John H. Buchanan, Jr.,
J. Herbert Burke,
Larry Winn,
Robert Lagomarsino.

REPORT

OF THE

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

TO THE

HOUSE COMMITTEE ON THE BUDGET

PURSUANT TO SECTION 301(c) OF THE CONGRESSIONAL BUDGET ACT

94th Congress, 2d Session

SUBMITTED BY MR. STAGGERS, CHAIRMAN

MARCH 9, 1976

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1976

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

HARLEY O. STAGGERS, West Virginia, *Chairman*

TORBERT H. MACDONALD, Massachusetts
JOHN E. MOSS, California
JOHN D. DINGELL, Michigan
PAUL G. ROGERS, Florida
LIONEL VAN DEERLIN, California
FRED B. ROONEY, Pennsylvania
JOHN M. MURPHY, New York
DAVID E. SATTERFIELD III, Virginia
BROCK ADAMS, Washington
W. S. (BILL) STUCKEY, Jr., Georgia
BOB ECKHARDT, Texas
RICHARDSON PREYER, North Carolina
JAMES W. SYMINGTON, Missouri
CHARLES J. CARNEY, Ohio
RALPH H. METCALFE, Illinois
GOODLOE E. BYRON, Maryland
JAMES H. SCHEUER, New York
RICHARD L. OTTINGER, New York
HENRY A. WAXMAN, California
ROBERT (BOB) KRUEGER, Texas
TIMOTHY E. WIRTH, Colorado
PHILIP R. SHARP, Indiana
WILLIAM M. BRODHEAD, Michigan
W. G. (BILL) HEFNER, North Carolina
JAMES J. FLORIO, New Jersey
ANTHONY TOBY MOFFETT, Connecticut
JIM SANTINI, Nevada
ANDREW MAGUIRE, New Jersey

SAMUEL L. DEVINE, Ohio
JAMES T. BROYHILL, North Carolina
TIM LEE CARTER, Kentucky
CLARENCE J. BROWN, Ohio
JOE SKUBITZ, Kansas
JAMES M. COLLINS, Texas
LOUIS FREY, Jr., Florida
JOHN Y. McCOLLISTER, Nebraska
NORMAN F. LENT, New York
H. JOHN HEINZ III, Pennsylvania
EDWARD R. MADIGAN, Illinois
CARLOS J. MOORHEAD, California
MATTHEW J. RINALDO, New Jersey
W. HENSON MOORE, Louisiana

W. E. Williamson, *Clerk*
Kenneth J. Painter, *Assistant Clerk*

Professional Staff

Charles B. Curtis
Lee S. Hyde
Elizabeth Harrison
Jeffrey H. Schwartz
James M. Menger, Jr.

William P. Adams
Robert R. Nordhaus
Brian R. Moir
William G. Phillips
Karen Nelson

Margot Dinneen

LETTER OF SUBMITTAL

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C., March 9, 1976.

Hon. BROCK ADAMS,
Chairman, Committee on the Budget,
House of Representatives.

DEAR MR. CHAIRMAN: I am submitting herewith the report of the Committee on Interstate and Foreign Commerce to the Committee on the Budget called for by section 301(c) of the Congressional Budget Act.

Sincerely yours,

HARLEY O. STAGGERS,
Chairman.

REPORT OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO THE HOUSE COMMITTEE ON THE BUDGET

This is the report of the Committee on Interstate and Foreign Commerce to the House Committee on the Budget called for by section 301(c) of the Congressional Budget Act, which in relevant part provides as follows:

> On or before March 15 of each year, each standing committee of the House of Representatives shall submit to the Committee on the Budget of the House * * *—
>
> * * * * * * *
>
> (2) * * * the estimate of the total amounts of new budget authority, and budget outlays resulting therefrom, to be provided or authorized in all bills and resolutions within the jurisdiction of such committee which such committee intends to be effective during the fiscal year beginning on October 1 of such year.

The Committee wishes to point out that the amounts set forth as Committee recommendations are estimates, since many of the programs set forth in the tables printed hereafter have not as yet been the subject of hearings, and others, although under consideration by the full committee or its subcommittees, have not as yet been placed in final form by the committee, or subcommittee, as the case may be.

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE RE-ENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977[1]

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority	Outlays	
Emergency Medical Services	25.0	34.8	50.0	----------	H.R. 11327.
Health Services Research	24.0	48.9	30.0	----------	H.R. 11316.
Health Statistics	24.0	26.4	40.0	----------	H.R. 11316.
Medical Libraries	35.3	30.5	25.0	----------	H.R. 11316.
Alcoholism		[2] 98.1	130.0	----------	H.R. 11317.
Health Manpower	319.0		619.9	----------	Passed House.
National Heart and Lung Institute	342.9	348.1	370.3	----------	Through conference.
Health Maintenance Organizations	18.6	15.6	25.0	----------	Passed House.
Drug Abuse	247.8		265.3	----------	Awaiting President's signature.
Disease Control and VD	24.8		74.1	----------	See table III.
Clean Air Act (except research)	97.0	99.0	200.0	----------	H.R. 10498.
FTC Authorization	53.0	53.0	53.0	----------	$3 increase in authorization.
Hazardous Materials Transportation	1.8	1.7	2.0	----------	H.R. 1364.
Solid Waste Utilization (except research)	11.7	11.2		----------	New bill. See table V, Resource Conservation and Recovery Act.
Motor Vehicle Information and Cost Savings Act.	1.0	3.8	7.5	----------	H.R. 10807.
National Traffic and Motor Vehicle Safety Act.	34.3	53.2	60.0	----------	H.R. 9291.
Federal Energy Administration Act	101.4	126.0	1,500.0	----------	New bill. Activities not available for review due to FEA Appeal on OMB budget as of February 27, and uncertainty of costing methods for establishment of strategic reserves.

AMTRAK authorization:					
Operating grants	378.0	378.0	484.0	484.0	Unless AMTRAK is given the funds recommended by the committee, it will have to curtail approximately 40 percent of its service. The Congress recently established a method under which AMTRAK can adopt its own criteria for determining the addition or discontinuance of routes, and it is the intention of that legislation that AMTRAK utilize those criteria to operate within its congressional authorizations, rather than making unplanned arbitrary fiscal cuts.
Capital grants	105.0	84.0	105.0	105.0	
Rail safety	20.5	18.9	25.0	25.0	Additional safety inspectors are needed to adequately inspect 330,000 miles of track, 1,800,000 frieght cars, and 30,000 locomotives.
Natural gas pipeline safety	3.7	2.8	7.5	7.5	Expanded missions and authority of Office of Pipeline Safety indicate need for significant increase in personnel and research capacity.
Consumer Product Safety Commission	37.0	39.8	60.0	60.0	S. 644. In conference.

[1] First ten items also described in Table V and Appendix A.

[2] 79.1 in request for programs requiring authorization.

II. PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's request		Committee recommendation, budget authority	Comment
	Budget authority	Outlays		
None.				

III. PRESIDENT'S BUDGET REQUESTS FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Legislative proposal	President's request		Committee recommendation, budget authority	Comment
	Budget authority	Outlays		
Medicaid block grant and repeal and consolidation of certain categorical programs.	10, 001	9, 001	0	Program unlikely to be adopted.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In millions of dollars]

Identify initiative	Committee recommendation		Comment
	Budget authority	Outlays	
National Health Insurance Initiative	$100.0	50	New Program.
Health Education of Public	12.0	12.0	H.R. 8278.
Rural telecommunications	30.0	10.0	New bill.
No-fault auto insurance	.5	[1] 6.8	H.R. 9650.
Toxic substances act	10.0	10.0	H.R. 10318.
Resource Conservation and Recovery Act	45.0	45.0	The committee is presently doing work on the Resource Conservation and Recovery Act of 1976. It expects to complete committee action by May 15, 1976. The funds requested are essential if the Federal Government and the States and local jurisdictions are to begin developing plans to deal with solid waste in a manner which is not only environmentally sound but also is in a manner which utilizes waste in an efficient process for the development of energy, conservation of natural resources and the recycling of of expended resources.

[1] Savings estimate by Congressional Budget Office.

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977

[In millions of dollars]

Major issue or program	Fiscal year 1976 budget estimate		Fiscal year 1977 budget estimate		Committee recommendation—	Comment
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	
Corporation for Public Broadcasting	62.0	62.0	70	62	88.0	Full authorization should be appropriated.
Educational broadcast facilities program	12.5	12.5	7	7	30.0	Same.
Noise Control Act, Sec. 15, purchase of low emission equipment by Federal Government.	0	0	0	0	2.0	Purchase of low noise equipment mandated by 1972 Act. Federal Government should give at least token compliance with requirements imposed on private industry.
Office of Rail Public Counsel			0	0	1.0	Established pursuant to the RRRR Act of 1976 and the committee intends for this office to function immediately.
ICC establishment of a uniform cost and revenue accounting system for railroads.			0	0	1.0	Established pursuant to the RRRR Act of 1976 and the committee intends that such accounting system be in place by Jan. 1, 1978. These funds are essential if the Federal Government is ever to determine the adequacy of rail pricing, return in investment, lawfulness of rates and Justification for abandonments.
Creation of the rail fund for nationwide rehabilitation of the rail system.			0	0	200.0	Established pursuant to the RRRR Act of 1976. These funds are essential if the rail industry is ever to begin rehabilitating the interstate rail system. Without these funds further deterioration and disinvestment will occur in the rail system.

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977—Continued

[In millions of dollars]

Major issue or program	Fiscal year 1976 budget estimate		Fiscal year 1977 budget estimate		Committee recommendation—	Comment
	Budget authority	Outlays	budget authority	Outlays	Budget authority	
Rail service continuation subsidy for other than the Northeast.			0	0	5.0	Because of the initial studies and regulation required; only small amounts of abandonment subsidies will be needed outside the northeast.
Conversion to parkland of existing railroad rights-of-way.			0	0	2.0	Program should be put in place now, so that it is fully functioning when parts of the rail system are finally abandoned.
Rail Services Planning Office			0	0	2.5	The committee believes that planning economic regulation is necessary if there is ever to be a balanced national transportation policy.
USRA purchase of ConRail securities	700	600	1,400	540	1,400	These funds needed to insure that ConRail survives as an income-producing organization; otherwise without such funds, it is possible the courts may find that the creation of ConRail was a taking, rather

				than a reorganization, and find the U.S. liable for the fair market value of the property, rather than the net liquidation value of such property, which is the value in a reorganization case.
Northeast Corridor improvement	125	125	175	The plan for the development of the Northeast Corridor is for 5 years, at $1,600. It was the intention of the committee that it be completed within that time frame, since inflation will drive the costs above the authorization limits otherwise. In addition, increased activities under the legislation will directly benefit through increasing employment.
Energy Policy and Conservation Act	0	0	18.8	Authorizations provided for agencies other than FEA under the act. Budget does not include any request for appropriations for these functions.

68-249 O - 76 - 26

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

[In millions of dollars]

Major issue or program	Budget authority		Committee recommendation—Budget authority (difference)	Comment
	Fiscal year 1976 budget estimate	Fiscal year 1977 budget estimate		
Health Services Administration	989. 6	697. 2	357. 6	See App. A for detailed analysis.
Center for Disease Control	150. 4	143. 3	54. 0	
National Institutes of Health	2, 302. 1	2, 165. 0	195. 9	
Alcohol, Drug Abuse, and Mental Health Administration	839. 8	681. 3	232. 5	
Health Resources Administration	669. 1	541. 3	470. 1	
Indian Health Services	330. 2	354. 9	10	
Food and Drug Administration	202. 8	226. 2	4. 8	
Social and Rehabilitation Services (medicaid)	8, 183. 7	9, 292. 0	300	
Assistant Secretary for Health	66. 6	76. 1	−2. 1	
Total, health	13, 734. 3	14, 177. 3	1, 622. 8	Increase.

APPENDIX A

BUDGET MATERIAL FOR HEW FOR FISCAL YEAR 1977

[In millions of dollars]

Program	1975 appropriations	1976 Appropriations	1976 Current President's budget	1977 President's budget	1977 Committee recommendation
HEALTH SERVICES ADMINISTRATION					
HEALTH SERVICES					
1. Community health services:					
(a) Community health centers	196.7	196.7	155.2	155.2	220.0
(b) Comprehensive health grants to States	90.0	90.0	67.5	----------	95.9
(c) Maternal and child health:					
(1) Grants to States	267.0	295.7	205.5	193.9	295.7
(2) Sudden infant death syndrome	2.0	2.5	.2	----------	2.5
(3) Research and training	25.9	23.7	18.6	----------	25.2
Subtotal	294.9	321.9	224.3	211.4	323.4
(d) Family planning	100.6	100.6	79.4	79.4	100.6
(e) Migrant health	23.8	25.0	19.2	19.2	26.6
(f) Health maintenance organizations	7.2	18.6	18.6	18.6	25.0
(g) National Health Service Corps	14.1	15.0	12.5	24.5	24.5
(h) Hemophilia treatment centers	----------	3.0	----------	----------	0
(i) Hypertension	----------	3.8	----------	----------	0
(j) Home health services	----------	3.0	----------	----------	0
2. Quality assurance:					
(a) Medical care standards	4.7	5.2	4.2	4.2	5.2
(b) Professional standards review organizations	36.1	47.6	47.6	62.0	75.0
3. Patient care and special health services	108.3	118.0	107.0	107.0	118.0
(PHS Hospitals) [1]	(83.9)	(92.7)	(81.7)	(79.7)	(92.7)
4. Emergency medical services	37.0	37.0	25.1	[2] 25.1	50.0
5. Buildings and facilities	1.3	----------	----------	----------	----------
6. Program management	33.8	30.7	29.7	29.7	29.7
Less trust fund transfer	−31.0	−26.3	−24.3	−39.1	−39.1
Total	917.3	989.6	766.0	697.2	1,054.8

See footnotes at end of table.

APPENDIX A

BUDGET MATERIAL FOR HEW FOR FISCAL YEAR 1977

[In millions of dollars]

Program	1975 appropriations	1976 Appropriations	1976 Current President's budget	1977 President's budget	1977 Committee recommendation
CENTER FOR DISEASE CONTROL					
PREVENTIVE HEALTH SERVICES					
1. Disease control:					
(a) Project grants:					
(1) Venereal diseases	28.0	[3] 19.8	19.8	[2] 19.8	35.0
(2) Immunization	6.2	[3] 5.0	5.0	[2] 5.0	14.0
(3) Rat control	13.1	13.1	5.4	[2] 5.4	13.1
(4) Lead-based paint	9.0	[3] 3.5	3.5	[2] 3.5	12.0
(b) Disease surveillance	42.2	43.4	43.4	43.4	46.2
(c) Laboratory improvement	9.6	10.6	10.0	15.1	15.1
(d) Health education	3.0	3.5	3.0	3.0	12.0
2. Occupational health	32.0	39.5	32.2	37.1	39.5
3. Buildings and facilities		1.5			
4. Program management	9.2	10.4	11.0	11.0	10.4
Total, authorized	152.3	150.4	133.3	143.3	197.3
NATIONAL INSTITUTES OF HEALTH					
BIOMEDICAL RESEARCH—BY INSTITUTE [1]					
National Cancer Institute	692.3	762.6	688.3	687.7	762.6
National Heart and Lung Institute	324.7	370.3	305.0	342.9	370.3
National Institute of Dental Research	50.1	51.4	48.7	52.2	54.7
National Institute of Arthritis, Metabolism, and Digestive Diseases	173.7	179.8	162.1	180.8	191.5

National Institute of Neurological and Communicative Disorders	142. 3	144. 7	135. 4	146. 5	154. 1
National Institute of Allergy and Infectious Diseases	119. 7	127. 2	119. 4	135. 6	135. 6
National Institute of General Medical Sciences	187. 4	186. 4	167. 6	193. 4	198. 5
National Institute of Child Health and Human Development	126. 4	136. 6	122. 3	129. 9	145. 5
National Institute of Aging	16. 1	19. 4	16. 2	26. 2	26. 2
National Eye Institute	34. 1	50. 3	44. 5	46. 9	53. 6
National Institute of Environmental Health Sciences	35. 3	37. 8	34. 1	46. 1	46. 1
Research Resources	128. 3	130. 3	83. 4	92. 3	138. 2
John E. Fogarty International Center	5. 4	5. 7	5. 4	7. 5	7. 5
National Library of Medicine	29. 0	29. 2	29. 5	35. 2	35. 2
Office of the Director	14. 9	15. 3	15. 3	16. 2	15. 3
Buildings and facilities	3. 0	54. 0	3. 0	25. 4	25. 4
Total	2, 092. 7	2, 302. 1	1, 980. 4	2, 165. 0	2, 360. 9

ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION

Alcohol, Drug Abuse, and Mental Health

1. General mental health:					
(a) Research	93. 2	92. 9	82. 7	83. 0	98. 9
(b) Training	93. 9	[5] 85. 1	45. 1	[1] 30. 0	85. 1
(c) Community programs:					
(1) Construction of centers	14. 3				
(2) Staffing of centers	170. 8	135. 4	135. 4	110. 5	135. 4
(3) Mental health of children	28. 1	26. 8	24. 8	20. 3	26. 8
(4) Operation of CHMC's		53. 5			53. 5
(5) Rape prevention		3. 0			3. 0
(d) Management and information	19. 8	22. 2	20. 2	20. 4	20. 4
Subtotal	420. 1	418. 9	308. 2	264. 2	423. 1

See footnote at end of table.

APPENDIX A

BUDGET MATERIAL FOR HEW FOR FISCAL YEAR 1977—Continued

[In millions of dollars]

Program	1975 appropriations	1976 Appropriations	1976 Current President's budget	1977 President's budget	1977 Committee recommendation
ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH HEALTH RESOURCES ADMINISTRATION—Continued					
ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH—Continued					
2. Drug abuse:					
(a) Research	34.1	34.0	31.6	34.0	36.2
(b) Training	14.0	[5] 10.0	3.0	[2] 4.0	10.0
(c) Community programs:					
(1) Project grants and contracts	122.0	[5] 122.0	138.0	[2] 160.0	160.0
(2) Grants to States	35.0	35.0	35.0	[2] 35.0	45.0
(d) Management and information	14.9	14.1	14.1	14.8	14.1
Subtotal	220.0	215.1	221.7	247.8	265.3
3. Alcoholism:					
(a) Research	11.0	11.8	10.0	10.0	11.8
(b) Training	7.8	7.5	7.0	[2] 2.0	7.5
(c) Community programs:					
(1) Project grants and contracts	52.9	56.4	34.4	[2] 33.5	65.0
(2) Grants to States	52.0	55.5	45.6	[2] 45.6	65.0
(d) Management and information	10.2	8.1	7.1	7.0	7.0
Subtotal	134.0	139.2	103.1	98.1	156.3
4. Program direction	11.1	11.1	11.1	13.2	11.1
Total	785.2	784.3	644.0	623.3	844.7
Total ADAMHA	785.2	784.3	644.0	623.3	855.8

HEALTH RESOURCES ADMINISTRATION

Health Resources

1. National health statistics	22.0	25.6	25.6	24.0	40.0
2. Health planning and resources development	98.2	90.0	66.0	90.0	174.0
3. Health services research	27.9	26.0	26.0	24.0	30.0
4. Health manpower:					
(a) Health professions institutional assistance:					
(1) Capitation grants	150.0	[6] 101.1	120.0	[1] 120.0	200.0
(2) Start-up and conversion	4.7	[6] 3.0	3.0	[1] 1.0	11.5
(3) Financial distress	5.0	[6] 5.0	5.0	[1] 3.0	5.0
Subtotal	159.7	109.1	128.0	124.0	216.5
(b) Health professions student assistance:					
(1) Loans	36.0	24.0	20.0	----------	30.0
(2) Scholarships	6.9	3.5	3.5	----------	0
(3) Loan repayments	3.0	6.0	6.0	----------	6.0
(4) National health service scholarships	22.5	[6] 22.5	22.5	[2] 35.0	80.0
Subtotal	68.4	56.0	52.0	35.0	----------
(c) Health professions special educational assistance:					
(1) Family medicine	15.0	[6] 15.0	38.0	[2] 39.0	55.0
(2) Primary care	----------	----------	15.1	[2] 18.0	0
(3) Area health education centers	12.0	[6] 12.0	19.0	[2] 19.0	19.0
(4) Physician extenders	8.0	[6] 8.0	12.0	[2] 8.5	10.0
(5) Dental health	7.8	[6] 8.4	7.8	[2] 7.5	5.0
(6) Special project grants	86.4	[6] 37.6	24.0	[2] 24.0	40.0
(7) Other	26.0	[6] 27.5	9.6	[2] 8.0	35.0
Subtotal	155.2	108.6	125.5	124.0	164.0

See footnote at end of table.

APPENDIX A

BUDGET MATERIAL FOR HEW FOR FISCAL YEAR 1977—Continued

[In millions of dollars]

Program	1975 appropriations	1976 Appropriations	1976 Current President's budget	1977 President's budget	1977 Committee recommendation
HEALTH RESOURCES ADMINISTRATION—Continued					
HEALTH RESOURCES—Continued					
4. Health manpower—Continued					
(d) Nursing institutional assistance:					
(1) Capitation grants	34.3	44.0			46.9
(2) Financial distress grants	4.8			1.0	0
(3) Advanced nurses training		2.0	1.0	3.0	5.0
(4) Nurse practitioner training		3.0	2.0	7.0	10.0
(5) Special projects	20.2	15.0	15.0	15.0	16.0
Subtotal	59.3	64.0	18.0	26.0	77.9
(e) Nursing student assistance:					
(1) Loans	22.8	21.0	9.0	5.0	21.0
(2) Scholarships	6.0	6.0	4.0	2.0	6.0
(3) Traineeships	13.0	13.0			13.0
(4) Loan repayments	.1	2.5	2.5	3.0	2.5
Subtotal	41.9	42.5	15.5	10.0	42.5
Subtotal, health manpower	484.6	380.2	339.0	319.0	616.9
5. Health facilities construction:					
(a) Medical facilities:					
(1) Formula grants		57.9			39.0
(2) Project grants		16.3			11.0

Subtotal		74.3			50.0
(b) Health teaching facilities	114.0	(6)		(6)	35.0
(c) Health teaching facilities, interest subsidies	2.0	3.0	2.0		2.0
(d) Special medical facilities	22.0	7.6			0
Subtotal	138.0	84.8	2.0		87.0
6. Program management	47.5	48.5	48.0	49.3	48.5
Less trust fund transfer	−8.5				0
Total, health resources	809.5	654.1	506.6	506.3	996.4
Payment of sales insufficiencies	4.0	4.0	4.0	4.0	4.3
Medical facilities guarantee and loan fund		10.0	10.0	31.0	10.7
Total	813.5	668.1	520.6	541.3	1,011.4
Indian Health Services:					
1. Indian Health Services	235.7	274.8	275.3	314.6	314.6
2. Indian Health Facilities	57.4	55.4	55.4	40.3	50.0
Total	293.1	330.2	330.7	354.9	364.6
Food and Drug Administration:					
1. FDA salaries and expenses	199.9	201.8	207.8	223.1	230.0
2. FDA buildings and facilities	1.0	1.0	1.0	3.1	1.0
Total	200.9	202.8	208.8	226.2	231.0
Social and Rehabilitation Services: Medical assistance (medicaid)	6,944.5	8,183.7	8,183.7	9,292.0	9,592.0
Office of the Assistant Secretary for Health:					
1. Assistant Secretary for Health	22.1	21.6	21.6	22.2	21.6
2. Retirement pay and benefits	43.4	45.0	45.0	52.4	52.4
3. Overseas activities				1.5	0
Total	65.6	66.6	66.6	76.1	74.0

[1] Includes contract care, excludes Carville Leprosarium.
[2] Authorization legislation for 1977 not yet effective.
[3] Not appropriated yet for lack of authorizing legislation. Amounts shown are available under the continuing resolution.
[4] Authorization legislation for training activities for 1977 not yet effective, although the amounts are included ($115 total).
[5] Not all appropriated yet for lack of authorizing legislation resolution. Amounts shown are a combination of amounts appropriated and available under the continuing resolution.
[6] Not appropriated yet for lack of authorizing legislation. Amounts shown are available under the continuing resolution.

APPENDIX A—ADDENDUM

While the aggregate Committee recommendation with respect to funding levels for the several health authorities is considerably higher than the levels recommended by the President's budget requests for fiscal year 1977, the Committee wishes to point out that, in most cases, the Committee's line-item recommendations for specific programs are at the fiscal year 1976 appropriations level or represent an increase in funding levels of only 6½% to offset inflation. Additionally, although we have estimated no specific savings from cost control measures in the health financing programs at this time, the Committee anticipates early serious consideration of proposals designed to curb the rate of cost inflation in Medicaid and other health financing programs in the Committee's jurisdiction.

In the Committee's view, there are three specific areas for which increased funding should be provided. First, in order to properly implement the provisions of the National Health Planning and Resource Development Act (PL 93-641), sufficient funds must be made available. The Committee has chosen to recommend the level of funding submitted by the Health Resources Administration to the Department of Health, Education, and Welfare. Second, the Committee believes that the President's budget request for health manpower authorities is unrealistic, that the 1976 budget authority represents funding under the continuing resolution, and thus, has recommended levels comparable to the authorizations in H.R. 5546, approved by the House in July of 1975. Finally, the Committee would increase the level of funding recommended by the President's budget request for the Medicaid program by $300 million. It is the Committee's understanding that the President's budget request reflects an arbitrary cut of $300 million in the estimate of expenditures submitted by the States for the Medicaid program, and, in the Committee's view, the States are in the best position to determine expenditures for this program. Furthermore, Medicaid expenditures historically have increased at a more rapid pace than expected, and, thus, the Committee recommends that the State estimate of expenditures should be considered in preparing a budget ceiling for this program.

NINETY-FOURTH CONGRESS

PETER W. RODINO, JR. (N.J.), CHAIRMAN

JACK BROOKS, TEX.
ROBERT W. KASTENMEIER, WIS.
DON EDWARDS, CALIF.
WILLIAM L. HUNGATE, MO.
JOHN CONYERS, JR., MICH.
JOSHUA EILBERG, PA.
WALTER FLOWERS, ALA.
JAMES R. MANN, S.C.
PAUL S. SARBANES, MD.
JOHN F. SEIBERLING, OHIO
GEORGE E. DANIELSON, CALIF.
ROBERT F. DRINAN, MASS.
BARBARA JORDAN, TEX.
ELIZABETH HOLTZMAN, N.Y.
EDWARD MEZVINSKY, IOWA
HERMAN BADILLO, N.Y.
ROMANO L. MAZZOLI, KY.
EDWARD W. PATTISON, N.Y.
CHRISTOPHER J. DODD, CONN.
WILLIAM J. HUGHES, N.J.
MARTIN A. RUSSO, ILL.

EDWARD HUTCHINSON, MICH.
ROBERT MC CLORY, ILL.
TOM RAILSBACK, ILL.
CHARLES E. WIGGINS, CALIF.
HAMILTON FISH, JR., N.Y.
M. CALDWELL BUTLER, VA.
WILLIAM S. COHEN, MAINE
CARLOS J. MOORHEAD, CALIF.
JOHN M. ASHBROOK, OHIO
HENRY J. HYDE, ILL.
THOMAS N. KINDNESS, OHIO

Congress of the United States
Committee on the Judiciary
House of Representatives
Washington, D.C. 20515
Telephone: 202-225-3951

GENERAL COUNSEL:
EARL C. DUDLEY, JR.

STAFF DIRECTOR:
GARNER J. CLINE

COUNSEL:
HERBERT FUCHS
WILLIAM P. SHATTUCK
ALAN A. PARKER
JAMES F. FALCO
MAURICE A. BARBOZA
ARTHUR P. ENDRES, JR.
THOMAS W. HUTCHISON
DANIEL L. COHEN
FRANKLIN G. POLK
THOMAS E. MOONEY
ALEXANDER B. COOK
CONSTANTINE J. GEKAS
ALAN F. COFFEY, JR.
KENNETH N. KLEE
RAYMOND V. SMIETANKA

March 15, 1976

Honorable Brock Adams
Chairman
House Budget Committee
214 HOB Annex 1

Dear Brock:

Pursuant to Section 301 of the Budget Act of 1974, I am pleased to submit the following budget estimates for fiscal year 1977.

In that regard, as you know, the Judiciary Committee in particular really has very limited jurisdiction over legislation which either requires or authorizes the substantial expenditure of any federal monies. With the important exception of expenditures under Title I of the Safe Streets Act of 1968, for example, nearly the complete budget for the Department of Justice enjoys a standing authorization. We have virtually no prior experience in the spending process.

The Judiciary Committee, nonetheless, feels a tremendous responsibility with regard to the operation of the Department, and major iniatives have been undertaken aimed at achieving a pervasive and lasting oversight of Department activities.

For the first time, utilizing the resources of the General Accounting Office, the Committee has generated a line item accounting of all budget authority and outlay totals, by budget function, subfunction and statute for every Justice Department program and, indeed, for every program under the Committee's broad legislative jurisdiction. This recently accumulated data, only made available to the Committee in late February, will be of enormous utility in pursuing a constructive oversight process during fiscal year 1977. Despite our lack of previous experience in the spending process, with the insight provided by this accounting, it is hoped that the Committee's oversight activities will place it in a strong position to comment and make recommendations on all matters in next year's budget resolution which relate to our jurisdiction, even though we shall at that time still be without authorization responsibility.

With regard to fiscal year 1977, the most substantial piece of spending legislation that will be reported from the Committee relates to the reauthorization of expenditures under Title I of the Omnibus Crime Control and Safe Streets Act of 1968. Absent such reauthorization legislation, of course, the authority for the Law Enforcement Assistance Administration (LEAA) will expire at the end of the current fiscal year.

As you know, the President has requested an LEAA appropriation of 707 million dollars, and the Administration bill calls for a fiscal year '77 authorization figure of 1.3 billion dollars. Hearings on the reauthorization proposal have been proceeding since February before the Subcommittee on Crime, and it is expected that the full Committee will act on the Subcommittee's recommendations in April. Unfortunately, it is not possible at this time to project the fiscal year 1977 authorization figure that may be contained in that bill. However, please be assured that the Committee is operating with complete awareness of the May 15 deadline, and is planning its deliberations accordingly.

The LEAA legislation, incidentally, is the only Committee legislation fitting in the Format I category of budget requests for existing programs which require re-enactment or modification of authorizing legislation for fiscal year 1977, except for H.R. 8957 which passed the Committee on March 2. That bill authorizes appropriations for the Commission on Civil Rights in the amount of 9 million 540 thousand dollars for fiscal year 1977. There is a transitional quarter authorization of 1 million 993 thousand dollars.

There are other matters that may be reported by the Judiciary Committee that would impact on the fiscal year 1977 budget. None is nearly as substantial as any reauthorization of LEAA, but they are at least worth mentioning in the context of this letter.

Both H.R. 365, providing benefits to survivors of certain firefighters who die in the performance of duty, and H.R. 366 providing benefits to survivors of certain public safety officers (essentially policemen) who die in the performance of duty passed the Committee on March 9. The Congressional Budget Office (CBO) projects a total cost of 63.9 million dollars for these programs for fiscal year 1977, 35 million attributable to H.R. 366 and 28.9 million to H.R. 365. (The per year cost estimate drops dramatically to 7.1 million and 5.9 million respectively beginning in fiscal '78, after the one shot 4 year retroactivity payments are made).

Also anticipated as a measure receiving full Committee attention this spring is legislation to provide for the compensation of persons injured by certain criminal acts and to make grants to States for the payment of such

compensation. Depending on the precise nature of the proposal that will be reported, the preliminary CBO estimate projects a cost ranging from 15 million dollars to 27 1/2 million dollars. Again, in that regard it is not possible to project precise Committee action at this time.

It is also worth noting that pending before the Subcommittee on Monopolies and Commerical Law is a Senate passed bill, S. 1136, which would authorize appropriations for increased antitrust investigation and prosecution by the Federal Trade Commission and Department of Justice. The Committee cannot yet determine whether it will act favorably on this legislation, but there is at least the possibility that the bill will be reported. The Senate passed legislation authorizes 80 million dollars for fiscal 1977, 70 million divided evenly between the Department and the Commission and an additional 10 million for grants to States.

Also pending before the Committee is an Executive Communication from the Treasury Department regarding United States participation in the International Criminal Police Organization (Interpol). I am advised that the de minimis cost of this proposal, even if acted upon, barely makes it worth mentioning in the context of this letter. Nonetheless, as part of the legislation, funds are authorized for the payment of back dues to Interpol in an amount between 100 and 200 thousand dollars. (The uncertainty relates to the continuing fluctuations in the exchange rate). Since there is an outside chance the Committee may choose to act on this proposal before May 15, I have at least included reference to the Executive Communication notwithstanding the minimal nature of the impact of the budget.

Finally, the Committee does not quarrel with the requests for those four highly technical budget subfunctions over which it has direct budget authority: account numbers 01 40 8115 0 7 602, 02 35 8110 0 7 602, 11 20 8408 733, and 15 10 1895 01 808. In each case, however, the Committee is advised and notes that there is only an extremely minimal impact upon the budget. For example, the Committee does not object to the 90 thousand dollar budget authority request for the Tax Court Judge Survivors Annuity Fund, nor comment regarding the monies relating to Commissary Funds, Federal Prisons (Trust Revolving Fund), the Claims Judgements and Relief Acts or the Judicial Survivors Annuities Fund.

I hope this letter is of use to the Budget Committee. The Judiciary Committee looks forward to working closely with the Budget Committee in the years ahead as our experience under the 1974 Act becomes more refined, and as we accumulate greater expertise in the mechanics of the spending process.

With best wishes.

Sincerely,

Peter W. Rodino, Jr.
Chairman

NINETY-FOURTH CONGRESS

PETER W. RODINO, JR. (N.J.), CHAIRMAN

JACK BROOKS, TEX.
ROBERT W. KASTENMEIER, WIS.
DON EDWARDS, CALIF.
WILLIAM L. HUNGATE, MO.
JOHN CONYERS, JR., MICH.
JOSHUA EILBERG, PA.
WALTER FLOWERS, ALA.
JAMES R. MANN, S.C.
PAUL S. SARBANES, MD.
JOHN F. SEIBERLING, OHIO
GEORGE E. DANIELSON, CALIF.
ROBERT F. DRINAN, MASS.
BARBARA JORDAN, TEX.
ELIZABETH HOLTZMAN, N.Y.
EDWARD MEZVINSKY, IOWA
HERMAN BADILLO, N.Y.
ROMANO L. MAZZOLI, KY.
EDWARD W. PATTISON, N.Y.
CHRISTOPHER J. DODD, CONN.
WILLIAM J. HUGHES, N.J.
MARTIN A. RUSSO, ILL.

EDWARD HUTCHINSON, MICH.
ROBERT MC CLORY, ILL.
TOM RAILSBACK, ILL.
CHARLES E. WIGGINS, CALIF.
HAMILTON FISH, JR., N.Y.
M. CALDWELL BUTLER, VA.
WILLIAM S. COHEN, MAINE
CARLOS J. MOORHEAD, CALIF.
JOHN M. ASHBROOK, OHIO
HENRY J. HYDE, ILL.
THOMAS N. KINDNESS, OHIO

Congress of the United States
Committee on the Judiciary
House of Representatives
Washington, D.C. 20515
Telephone: 202-225-3951

GENERAL COUNSEL:
EARL C. DUDLEY, JR.

STAFF DIRECTOR:
GARNER J. CLINE

COUNSEL:
HERBERT FUCHS
WILLIAM P. SHATTUCK
ALAN A. PARKER
JAMES F. FALCO
MAURICE A. BARBOZA
ARTHUR P. ENDRES, JR.
THOMAS W. HUTCHISON
DANIEL L. COHEN
FRANKLIN G. POLK
THOMAS E. MOONEY
ALEXANDER B. COOK
CONSTANTINE J. GEKAS
ALAN F. COFFEY, JR.
KENNETH N. KLEE
RAYMOND V. SMIETANKA

March 15, 1976

Honorable Brock Adams
Chairman
House Budget Committee
214 HOB Annex 1

Dear Brock:

I am pleased to attach this addendum to the Committee's letter in compliance with Section 301.

On March 10, 1976, the Subcommittee on Courts, Civil Liberties and the Administration of Justice voted unanimously to recommend to the Budget Committee that the Legal Services Corporation be funded in excess of the 80 million dollar budget authority request submitted by OMB.

The Corporation itself has requested a 140 million dollar funding and the Subcommittee was unanimous in supporting that request. I am hopeful that your Committee will consider the Subcommittee's views very seriously.

Additionally, the same Subcommittee has pending before it several bills that would award attorneys' fees to successful plaintiffs in certain civil cases. It is not at all certain that such legislation will be reported from the Subcommittee, or that if reported the legislation would be available by May 15. Nonetheless, depending on how the bill is written, federal expenditures of 3 million to 10 million dollars may be involved.

I hope this information is a useful addition to the Committee's letter.

Sincerely,

Peter W. Rodino, Jr.
Chairman

NINETY-FOURTH CONGRESS

PETER W. RODINO, JR. (N.J.), CHAIRMAN

JACK BROOKS, TEX.
ROBERT W. KASTENMEIER, WIS.
DON EDWARDS, CALIF.
WILLIAM L. HUNGATE, MO.
JOHN CONYERS, JR., MICH.
JOSHUA EILBERG, PA.
WALTER FLOWERS, ALA.
JAMES R. MANN, S.C.
PAUL S. SARBANES, MD.
JOHN F. SEIBERLING, OHIO
GEORGE E. DANIELSON, CALIF.
ROBERT F. DRINAN, MASS.
BARBARA JORDAN, TEX.
ELIZABETH HOLTZMAN, N.Y.
EDWARD MEZVINSKY, IOWA
HERMAN BADILLO, N.Y.
ROMANO L. MAZZOLI, KY.
EDWARD W. PATTISON, N.Y.
CHRISTOPHER J. DODD, CONN.
WILLIAM J. HUGHES, N.J.
MARTIN A. RUSSO, ILL.

EDWARD HUTCHINSON, MICH.
ROBERT MC CLORY, ILL.
TOM RAILSBACK, ILL.
CHARLES E. WIGGINS, CALIF.
HAMILTON FISH, JR., N.Y.
M. CALDWELL BUTLER, VA.
WILLIAM S. COHEN, MAINE
CARLOS J. MOORHEAD, CALIF.
JOHN M. ASHBROOK, OHIO
HENRY J. HYDE, ILL.
THOMAS N. KINDNESS, OHIO

Congress of the United States
Committee on the Judiciary
House of Representatives
Washington, D.C. 20515
Telephone: 202-225-3951

GENERAL COUNSEL:
EARL C. DUDLEY, JR.

STAFF DIRECTOR:
GARNER J. CLINE

COUNSEL:
HERBERT FUCHS
WILLIAM P. SHATTUCK
ALAN A. PARKER
JAMES F. FALCO
MAURICE A. BARBOZA
ARTHUR P. ENDRES, JR.
THOMAS W. HUTCHISON
DANIEL L. COHEN
FRANKLIN G. POLK
THOMAS E. MOONEY
ALEXANDER B. COOK
CONSTANTINE J. GEKAS
ALAN F. COFFEY, JR.
KENNETH N. KLEE
RAYMOND V. SMIETANKA

March 11, 1976

MINORITY VIEWS TO ACCOMPANY THE LETTER OF THE HONORABLE PETER W. RODINO, JR. TO THE HOUSE BUDGET COMMITTEE

On March 9, 1976, in response to inquiry made by some Members of the Committee on the Judiciary, the Chairman indicated that the above letter to the Chairman of the House Budget Committee satisfied the requirements of both section 301(c) of the Congressional Budget Act of 1974 and of clause 4(g) of Rule X of the Rules of the House. We regretfully are constrained to dissent. We believe that the above procedure violates both the letter and the spirit of the statute and our Rules.

The requirements are clear: "On or before March 15 of each year, each standing committee ... shall submit ... its views and estimates" regarding budget items within its jurisdiction. We believe that the provision (1) contemplates committee action, (2) is mandatory, not permissive, and (3) envisions the submission of "views and estimates" such as might assist the Budget Committee in meeting its obligations rather than recounting the status of legislation pending in committee. Consequently, we disagree that action by the Chairman alone satisfies the requirement, that the provision merely

provides an opportunity for Members who choose to comment, and that the Committee need not grapple with its plans to impact on the budget.

We note with some interest that the substantial majority of our sister committees have by their actions to date supported our interpretation of committee responsibility under the statute and Rules of the House. We note further the irony that those committees bear a much greater responsibility in the budget process than does this Committee, yet our relatively minor responsibility appears to have been too much to discharge. If every committee discharged its responsibility as did the Committee on the Judiciary, the Budget Committee would be hard put to perform its vital role in the process.

In short, we believe that the statute and the Rules of the House require committees to face up to their budget problems by March 15. No chairman can do that alone. Our Chairman's letter acknowledges that fact in indicating that he cannot speak for the Committee on matters not yet acted on. This is the crux of the matter. For we believe that the Committee is required to make estimates and submit them in what had heretofore been commonly called "the March 15 report." Nothing less can suffice for the process or for the law.

Respectfully,

Edward Hutchinson
William J. Burleson
Tom Railsback
Robert McClory
Charles E. Wiggins

Thomas N. Kirkness

Henry J. Hyde

Carlos J. Moorhead

Harris W. Fawell

M. Caldwell Butler

68-249 O - 76 - 27

REPORT OF THE COMMITTEE ON MERCHANT MARINE AND FISHERIES

U.S. House of Representatives,
Committee on Merchant Marine and Fisheries,
Washington, D.C., March 15, 1976.

Hon. Brock Adams,
Chairman, House Committee on the Budget, House Office Building Annex, Washington, D.C.

Dear Mr. Chairman: Pursuant to section 301(c) of the Congressional Budget Act of 1974, I am enclosing herewith the views and estimates of the Committee on Merchant Marine and Fisheries concerning new budget authority and budget outlays to be authorized in bills and resolutions already reported or now pending in the Committee on Merchant Marine and Fisheries, as those bills involve fiscal year 1977. In addition, the enclosed material reflects the views of the Committee on all Presidential requests for budget authority and outlays relating to matters within Committee jurisdiction.

In developing the information attached, no attempt has been made to file a formal, detailed report, in view of the fact that Committee decisions in all major particulars have already been made as reflected by Committee action on pending bills. Instead, with the cooperation of the General Accounting Office and the Congressional Budget Office, a thorough review has been made at the Subcommittee level on all Presidential budget requests as encompassed within the various budget accounts related to matters within Committee jurisdiction, as well as those involving legislative initiatives of the Committee. In all cases, with one single exception as noted on the submission in connection with Panama Canal finances, the submission represents both Majority and Minority Subcommittee views. The total submission is being forwarded with the concurrence of the Hororable Philip E. Ruppe, Ranking Minority Member of the Full Committee.

No specific submission has been included as to the transition quarter, in view of the fact that there is no provision in the basic Act related to targets or ceilings for that quarter. I recognize, however, the situation as it now exists in relation to the inclusion of a ceiling for the transition quarter in your forthcoming resolution, and I will simply state that the Committee has no recommendations to make other than one anticipated request relating to a supplemental appropriation for additional expense funding of $30,325,000 for operating-differential subsidies under Title VI of the Merchant Marine Act, 1936, as amended. Although the authorization for maritime programs for the transition quarter was provided by legislation reported from the House Committee on Government Operations, and not by the Committee on Merchant Marine and Fisheries, this Committee endorses the requested funding and recommends its inclusion within any outlay ceiling for the transition quarter which may be reported in your Committee.

While I understand the constraints that may be involved in preparing the details of your Committee report on your first resolution, I would appreciate being informed as to the decisions of your Committee in relation to the recommendations of this Committee as to the various budget items involved. I look forward to working with you and your Committee in insuring that this, the first, full implementation of the Congressional Budget Act of 1974 successfully accom-

plishes the purposes of the basic Act and reflects the dedicated efforts which your Committee and its staff have made to insure its success.

Sincerely,

LEONOR K. (Mrs. John B.) SULLIVAN,
Chairman.

Enclosures.

1. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Natural resources, environment, and energy—conservation and land management, coastal zone management (NOAA) (06-48-1451-0-1-302).	23.4	17.4	85.0	27.3	The additional funding is provided for existing CZM programs, pursuant to H.R. 3981, which passed the House on Mar. 11, 1976.
(Coastal Zone Management Act of 1972).			(+61.6)	(+9.9)	
International Fisheries Commissions (14-15-1087-0-1-302).	5.5	5.5	5.5	5.5	Annual authorization for State Department.
Recreational resources—Resource management (Fish and Wildlife Service) (10-18-1611-0-1-303).	9.2	8.9	12.5	12.2	Anthorization being extended in H.R. 8092, to be considered by the House on Mar. 15, 1976, involving Endangered Species Act of 1973 (16 U.S.C. 1531).
(Endangered Species Act of 1973)			(+3.3)	(+3.3)	
Resource management (Fish and Wildlife Service) (10-18-1611-0-1-30).	0	0	2.8	2.8	Additional funding being authorized in H.R. 5682, pending in committee, involving the Tinicum National Environmental Center (public law 92-326).
(Tinicum National Environmental Center).			(+2.8)	(+2.8)	
Natural resources, environment, and energy—Pollution control and abatement, abatement and control (EPA) (20-0-0108-0-1-304). (Ocean dumping permits.)	1.3	1.0	1.3	1.0	Extension of authorization for title I of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1401) contained in H.R. 11505, now pending in committee.
Other natural resources—Operations, research, and facilities (NOAA) (06-48-1450-0-1-306).	.5	.5	2.5	1.6	Authorization being extended in H.R. 8092, to be considered by the House on Mar. 15, 1976, involving Endangered Species Act of 1973 (16 U.S.C. 1531).
(Endangered Species Act of 1973)			(+2.0)	(+1.1)	
Operations, research, and facilities (NOAA) (06-48-1450-0-1-306). (Ocean dumping research.)	5.6	5.6	5.6	5.6	Extension of authorization for title II of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1401) contained in H.R. 11505, now pending in committee.
Natural resources, environment, and energy—Other natural resources, operations, research, and facilities (NOAA) (06-48-1450-0-1-306).	23.3	20.6	58.0	55.3	Extension of authorization for sea grant program (33 U.S.C. 1121), contained in H.R. 12108 now pending in committee.
(Sea grant program)			(+34.7)	(+34.7)	
Net differences:					
Subfunction 302			+61.6	+9.9	
Subfunction 303			+6.1	+6.1	
Subfunction 304			0	0	
Subfunction 306			+36.7	+35.8	
Net differences: Function 300			+104.4	+51.8	
Commerce and Transportation—Water transportation, operating differential subsidies (MRAD) (06-07-1709-0-1-406).	338.3	403.7	338.3	403.7	Authorization contained in H.R. 11481, which passed the House on Mar. 11, 1976.
Research and development (MARAD) (06-70-1716-0-1-406).	19.5	17.2	19.5	17.2	Same comment as above.
Operations and training (MARAD) (06-70-1750-0-1-406).	[1] 48.5	[1] 49.0	[1] 49.9 (+1.4)	[1] 50.4 (+1.4)	Same comment as above, with the additional inclusion of $259,000 for State maritime academy schoolships and $1,100,000 for increased subsistence payments to State maritime academy students, as contained in H.R. 10413, now pending in committee.

See footnote at end of table.

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977—Continued

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Operating expenses (Coast Guard) (21-15-0201-0-1-406).	[1] 817.7	[1] 812.0	[1] 842.8 (+7.1)	[1] 819.1 (+7.1)	This increased funding involves activation of vessels and aircraft and additional personnel for enforcement of H.R. 200, now pending in the conference committee. The figure also reflects a cost saving of $1,000,000 anticipated by enactment of H.R. 11410 and H.R. 11412 pending in committee.
Commerce and transportation—Water transportation acquisition, construction and improvements (Coast Guard) (21-15-0240-0-1-406).	[1] 171.1	[1] 219.1	[1] 304.1 (+133.0)	[1] 132.3 (+3.2)	This additional funding is provided in H.R. 11670, ordered reported by Committee on Mar. 4, 1976. It involves procurement of vessels and aircraft for enforcement of H.R. 200, procurement of vessels to improve icebreaking capabilities in the Great Lakes, procurement of antipollution control devices, and the procurement of 1 vessel and construction of 1 new shore station for the improvement of search and rescue capabilities.
Commerce and transportation—Water transportation, State boating safety assistance (Coast Guard) (21-15-0246-0-1-406).	5.8	5.8	10.0 (+4.2)	10.0 (+4.2)	The recommended funding provides additional grant monies to assist State programs, as contained in H.R. 5630, which passed the House on Nov. 17 1975.
Net differences:					
Subfunction 406			+145.7	+15.9	
Function 400			+145.7	+15.9	
General government—Executive direction and management, environmental policy development (OEQ-CEQ) (03-31-1453-0-1-802).	2.9	2.9	3.9 (+1.0)	3.9 (+1.0)	Extension of authorization for Environmental Quality Improvement Act of 1970 (42 U.S.C. 4371), as contained in H.R. 11619, to be considered in the House on Mar. 15, 1976.
Net differences:					
Function 300			+104.4	+51.8	
Function 400			+145.7	+15.9	
Function 800			+1.0	+1.0	
Format I			+251.1	+68.7	

[1] These accounts involve some elements which do not require new authorization.

II. PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

Legislative proposal	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
None applicable.					

III. PRESIDENT'S BUDGET REQUESTS FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Legislative proposal	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Commerce and transportation—Water transportation, operating expenses (Coast Guard) (21-15-0201-0-1-406)—Presidential proposal for reduction of $1,000,000 in budget authority and outlay as a saving by revision of vessel documentation laws is included as an item in format I. See last item on p. 4 of format I submission.					

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In millions of dollars]

Identify initiative	Budget authority	Outlays	Comment
Natural resources, environment, and energy—Conservation and land management:			
Coastal Zone Management (NOAA) (06-48-1451-0-1-302). (Energy impact in the Coastal Zone).	215.0	75.6	New program initiatives under the Coastal Zone Management Act of 1972, as contained in H.R. 3981, which passed the House on Mar. 11, 1976. They include impacts from OCS development, planning grants, and research grants (budget authority for bond guarantees not anticipated for fiscal year 1977).
Other natural resources:			
Operations, research, and facilities (NOAA) (06-48-1450-0-1-306). (Extension of U.S. fisheries zone).	25.0	25.0	For Department of Commerce responsibilities under H.R. 200, now pending in conference committee. It involves the management of the extended fisheries zone, primarily for the establishment of regional councils.
(06-48-1450-0-1-306) (Aquaculture development).	20.0	20.0	Authority provided in H.R. 370, now pending in committee. It involves the 1st-phase funding of a 5-yr. development program for aquaculture.
(06-48-1450-0-1-306) (shellfish study).	.3	.3	Authorizes funding for a comprehensive review of the shellfish industry, as contained in H.R. 3981, which passed the House on Mar. 11, 1976.
Subfunction 306 (deep seabed mining).	4.0	4.0	Funding for administrative startup costs as provided for in U.S. program for deep seabed mining, H.R. 11879, now pending in committee.
Net difference:			
Subfunction 302	+215.0	+75.6	
Subfunction 306	+49.3	+49.3	
Function 300	+264.3	+124.9	
General government—Other general government, The Panama Canal, operating expenses (08-25-0116-0-1-806). (Panama Canal finances).	[1] 0	[1] 15.0	This involves a proposal to improve the financial position of the Panama Canal operation by providing for a reduction in reimbursements to the U.S. Treasury.
Net differences:			
Function 800	+0	+15.0	
Function 300	+264.3	+124.9	
Format IV	+264.3	+139.9	

[1] Not agreed to by minority ranking member of subcommittee.

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Natural resources, environment, and energy—Recreational resources, resource management (Fish and Wildlife Service) (10-18-1611-0-1-303)	[1] 113.6	[1] 110.5	128.6	125.5	Additional funding for acquisitions under Wetlands Loan Extension Act of 1976. (Public Law 94-215).
(Wetlands acquisition)			(+15.0)	(+15.0)	
Net differences:					
Format I			+251.1	+68.7	
Format IV			+264.3	+139.9	
Format V			+15.0	+15.0	
Total net difference			+530.4	+223.6	

Note: In all respects not specifically itemized, Committee endorses all Presidential budget requests on programs within committee jurisdiction.

[1] This account includes elements not under committee jurisdiction. The figure has been reduced by the amount of the President's request related to the Endangered Species Act, handled in format 1.

NINETY-FOURTH CONGRESS

DAVID N. HENDERSON, N.C., CHAIRMAN

MORRIS K. UDALL, ARIZ.
DOMINICK V. DANIELS, N.J.
ROBERT N. C. NIX, PA.
JAMES M. HANLEY, N.Y.
CHARLES H. WILSON, CALIF.
RICHARD C. WHITE, TEX.
WILLIAM D. FORD, MICH.
WILLIAM (BILL) CLAY, MO.
PATRICIA SCHROEDER, COLO.
WILLIAM LEHMAN, FLA.
GLADYS N. SPELLMAN, MD.
STEPHEN L. NEAL, N.C.
HERBERT E. HARRIS, VA.
WILLIAM M. BRODHEAD, MICH.
PAUL SIMON, ILL.
NORMAN Y. MINETA, CALIF.
JOHN W. JENRETTE, JR., S.C.
STEPHEN J. SOLARZ, N.Y.

EDWARD J. DERWINSKI, ILL.
ALBERT W. JOHNSON, PA.
JOHN H. ROUSSELOT, CALIF.
ANDREW J. HINSHAW, CALIF.
JAMES M. COLLINS, TEX.
GENE TAYLOR, MO.
BENJAMIN A. GILMAN, N.Y.
ROBIN L. BEARD, TENN.
TRENT LOTT, MISS.

U.S. House of Representatives
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
309 CANNON HOUSE OFFICE BUILDING
Washington, D.C. 20515

March 4, 1976

Honorable Brock Adams
Chairman
Committee on the Budget
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

Pursuant to section 301(c) of the Congressional Budget Act of 1974 (Public Law 93-344; 88 STAT 297), there are enclosed the Views and Estimates of the Committee on Post Office and Civil Service on the Budget of the United States for fiscal year 1977, and related materials.

With kind regards,

Sincerely,

Dave

DAVID N. HENDERSON
Chairman

Enclosures

Views and Estimates
Minority Views
Separate Views
Budget Format

VIEWS AND ESTIMATES

OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE

PURSUANT TO SECTION 301(c) OF PUBLIC LAW 93-328

FISCAL YEAR 1977

****

SUMMARY

The Committee recommends that the First Concurrent Resolution include $3,248.8 million above the level of outlays requested by the President in his Budget. Of this total increase recommended by the Committee, the breakdown is as follows:

$811 million to restore funding to programs which the President has proposed be repealed, reduced, or eliminated. The Committee recommends full restoration of this amount because the Committee does not intend to approve the President's proposals.

$307 million to continue funding of phased postal rates as provided by Public Law 93-328.

$1,635 million to finance additional public service appropriations for the Postal Service.

$495.8 million for new civil service legislation which the Committee has reported or intends to consider during this session.

INTRODUCTION

Of the $1,118 million in cost reductions involving congressional actions proposed by the President, the entire amount is premised on the enactment of proposals which would either repeal pay and retirement benefits previously enacted into law, or eliminate annual funding previously approved by Congress and the President. The Committee does not favor and will not support this arbitrary and unrealistic system of budget cutting. We believe that the Concurrent Resolution on the Budget should not be constructed on such shakey foundations as have been used in the President's Budget.

The Committee believes that the best way to develop a realistic Concurrent Resolution on the Budget is to review presidential and congressional initiatives from the standpoint of the necessity, desirability, and likelihood of approval. The President's Budget fails to meet that criteria in that it presumes reductions in spending dependent upon legislation for which the prospects of enactment are virtually nonexistent, and ignores completely the critical financial problems of the Postal Service for which FY 1977 spending should be increased.

The Committee recommends that these realities be used as a basis for determining the level of new budget authority and outlays for FY 1977. Of the $3,248.8 million increase

in total outlays recommended by the Committee, $2,753 million, or 85 percent, will simply restore arbitrary and wholly unrealistic cuts proposed by the President and insure the Postal Service's financial stability.

The attached Budget Format contains the Committee's cost estimates in existing programs, programs initiated by the President, and programs proposed to be considered by the Committee during the Second Session of the 94th Congress.

Several items deserve extended discussion in order to advise the Committee on the Budget of the importance of certain issues before the Committee on Post Office and Civil Service.

I

THE PRESIDENT'S RECOMMENDATIONS
FOR REDUCTIONS IN COST

The President's Budget includes proposals to reduce costs by a total of $2,333.3 million in budget authority and $2,402 million in budget outlays, all to be achieved by the enactment of legislation or changes in administrative regulations and procedures. Of the $2,402 million outlay reductions,

$1,284 million would result from administrative changes to alter pay comparability data and lower future Federal salary increases; and

$1,118 million would result from proposed legislation to lower existing Federal pay and retirement annuities.

No other President's Budget has attempted to reduce expenditures at so great expense to active and retired Federal workers.

For instance, the President proposes legislation to reduce current civil service pay and retirement annuities by $418 million. His proposals are:

Reductions in wage board pay	-$304 million
Reductions in civil service annuities	-$ 69 million
Reductions in National Guard and Reserve pay	-$ 45 million

The President's plan for wage board employees would reduce pay benefits previously enacted into law with the approval of either President Johnson or President Nixon. The "Monroney Amendment", for instance, was enacted by Congress in 1968 and brought about a system for fairly comparing wages for specialized work performed by skilled Federal employees in geographic locations where similar

types of employment simply do not exist in the private sector of the economy. Under this law, pay for Federal aeronautical maintenance repairmen is compared to similar private sector employment at the closest private establishment having similar employment. The Committee does not intend to repeal that law.

The President proposes to reduce the number of pay steps and eliminate nightwork pay differentials enacted in 1972. These benefits were signed into law after several years of study by both Houses of Congress to modernize the Federal wage board pay system. They will not be repealed by this Congress. For the President to base a $304 million reduction in his Budget on the hypothesis that Congress will repeal these laws clearly disregards the merits of the proposals, the years of effort which finally resulted in their enactment, and their approval by two Presidents.

The President proposes to cut $69 million in civil service retirement benefits by repealing the additional 1 percent annuity increase paid when the Consumer Price Index triggers an automatic increase in annuities. Under the provisions of Public Law 91-93, enacted in 1969, civil service annuitants are granted an extra 1 percent whenever the index maintains a 3 percent increase over the base period for <u>three consecutive months</u>. The President proposes to eliminate the bonus, but obviously does not

take into account the reason for the law being in existence: before annuities are increased, retirees must pay higher costs for food and other necessities for five months after the cost-of-living has risen 3 percent over the base. The Committee does intend to consider legislation to make the retirement system more responsive to cost-of-living increases (H.R. 3310), but only if the timing process is improved should the catch-up bonus be eliminated.

The President proposes to cut $45 million by eliminating temporary dual pay for Federal employees who are National Guard and Reserve members by repealing the law permitting summer camp leave time. This law (enacted in 1968 to resolve the problem created by some executive agencies which refused to grant paid leave to employees to participate in Guard or Reserve training) permits "dual compensation" for about 150,000 Federal employees for up to 15 days a year. The average pay is $400.

If the law is modified, the desirability of being a member of the Guard or Reserves would be diminished because a Federal employee would have to surrender the modest amount of additional pay earned for serving in a Guard or Reserve unit -- hardly an incentive to continue to servce. In view of the increasing reliance upon an

all-volunteer peacetime military, the Committee believes the present law is a desirable incentive to insure effective and ready reserve forces.

In addition to these proposed cuts in existing pay and retirement, the President proposes an avoidance of cost of $393 million in announcing his intention to submit an alternative plan under 5 U.S.C. 5305 to impose a 5 percent ceiling on Federal pay increases due in October, 1976. The Committee views this as an unfortunate and misguided proposal: unfortunate because it puts a lid on the pay of one-half the Federal workers while having no effect at all on the other half; misguided because, in fiscal year 1977 when the Federal budget exceeds $400 billion, a proposed pay cut of 1/12 of 1 percent will have virtually no impact upon anything except Federal employees. Although comparability as a principal of Federal pay has been on the statute books for 14 years, nearly every budget since 1962 has recommended postponing true comparability. The President's Budget for 1977 proposes, once again, to deny full comparability in 1977 but promises that comparability may be achieved in 1978.

By administrative action, not requiring congressional approval, the President plans to incorporate

new private sector pay data (relating to pay for secretaries and computer operators) which will have a very substantial impact upon the 1976 Federal pay increase. Without this new comparability data, the 1976 pay increase would be about 11½ percent; with this data, the increase will be reduced to 6½ percent, a cost reduction of $1,284 million. The Committee believes this action is a sufficient budget-cutting burden for Federal employees to bear in FY 1977.

In addition, since the enactment of Public Law 94-82, salaries for executive level officers, Federal judges and justices, and Members of Congress are increased by the average increase applicable to the General Schedule. By artifically depressing the overall average to 4.7 percent, the President reduces the increases applicable to these officers and employees for whom comparability is, under the best of circumstances, virtually impossible to achieve.

The President omits from his Budget $307 million necessary to pay the cost of financing phased postal rate increases for nonprofit organizations and other second-, third-, and fourth-class mailers pursuant to the provisions of Public Law 93-328. This legislation, which extended the period of time for mailers to adjust

to substantial postal rate increases, was signed by President Nixon on June 30, 1974. President Ford did not request the funds for fiscal year 1976, but the appropriation was made by Congress to comply with the law. The President has again failed to request the authorized funding, and the Committee recommends that the Concurrent Resolution include the necessary funds, as did the Concurrent Resolution for fiscal year 1976.

II

POSTAL SERVICE APPROPRIATIONS

The financial condition of the Postal Service and efforts to resolve problems which have caused congressional and public criticism of postal operations remain an outstanding issue. This problem has deeply concerned the Committee virtually since the beginning of postal reorganization in July, 1971. The reorganized Postal Service has continued to operate at a deficit every year despite an average of $1.6 billion in appropriations each year and three significant rate increases in only six years.

Last year, after nearly two years of hearings, investigations, and consideration, the Committee

recommended the enactment of legislation (H.R. 8603) which would have increased public service subsidies by $1.6 billion in order to operate the Postal Service at reasonable postal rates and satisfactory levels of service. This most important recommendation was rejected by the House when the House adopted the Alexander Amendment, which repealed all of the financial and operating independence given the Postal Service in 1970. H.R. 8603 is now pending before the Senate Committee on Post Office and Civil Service.

Objective observations about the current status of the Postal Service include the following:

The Office of Management and Budget has consistently refused to recommend an increase in public service appropriations for the Postal Service, despite an accumulated deficit through fiscal year 1976 of $2.5 billion and reliance upon borrowed funds to meet current operating expenses;

The Postmaster General has not asked the President or the Director of the Office of Management and Budget to request increased public service appropriations, but has repeatedly expressed his support to Congress

68-249 O - 76 - 28

for increased appropriations;

The Postmaster General has begun to cut costs by reducing overtime work, consolidating post offices, closing post offices, and apparently soon intends to end Saturday mail delivery;

The General Accounting Office, in a recent comprehensive report reviewing Postal Service operations over the past five years, described the financial condition of the Postal Service as "critical";

The public reaction to the recent 33 percent increase in the first-class stamp to 13¢ has been overwhelmingly negative;

Average postal wages will very probably increase under the terms of the current collective-bargaining agreement to more than $18,000 a year per worker by July 20, 1978, increasing postal costs from $14.1 billion in FY 1976 to $17.7 billion in FY 1979; and

Unless other revenues are made available, the existing statutory

requirement for "break even" postal operation will very probably require a 19¢ first-class stamp by July, 1978.

These facts relate to current postal problems. In the longer view, the effect of radical changes in the methods of transmitting information portends an even greater impact upon the Postal Service. The widespread delivery of correspondence and information by electronic means cannot be far away. Certainly, by the end of this century, most business and financial data -- all bank transactions and monthly billing, for instance -- will be transmitted by computerized machinery or its successors. The economics of the present postal system has already begun to take its toll. Mass circulation second-class publications, such as the Wall Street Journal and Time, are experimenting with non-postal delivery in high density delivery areas. No reason but costs has caused this desertion from the Postal Service. Parcel post volume has dropped drastically in the past decade, despite reasonable rate stability and statutory increases in size and weight limits designed to capture more business. 744 million parcels were mailed in 1966; 323 million will be mailed in 1976. Increased rates will hasten the decline of parcel post

as the only nationwide package delivery service.

To add to these known events the possible future loss of financial data and business accounts -- today more than one-half of first-class mail -- hardly augurs for a bright future. The impact of such radical change would make it impossible to maintain today's standards for postal service without massive subsidies being appropriated. The effect upon 700,000 good-paying postal jobs could not be favorable. The reality must be faced: the postal system as it is today, and as it has existed since colonial times, is running its course. The issue and the challenge are what should be done.

The future of the postal system is a problem of serious national consequences. In the short run, more money is needed to subsidize the existing system. For FY 1977, the Committee recommends an increase in Federal funds as recommended by the Committee last year. For the long run, the Committee's recommendation for a two-year study of public service postal activities and Federal funding; is a beginning. We renew our request and urgently advise the Committee on the Budget to include adequate funds to resolve postal problems rather than to wait -- as the President and Congress waited in 1969 and 1970 -- for events to provide their own answers.

Although our hopes for postal reorganization have not been fulfilled, one clear lesson learned from 1969 - 1970 is that delay in recognizing and resolving postal problems will only intensify the problems. The Postal Reorganization Act was passed not because there was a postal "mess" or because of a great public demand; hindsight has exaggerated those factors. The law passed because the President and the postal unions came to agreement after the postal strike in March, 1970, an agreement which won union support for postal reorganization legislation in exchange for the President's support for a 17 percent statutory postal pay increase and a guarantee for collective-bargaining rights. If we delay consideration of the financial problems the Postal Service faces today, the price tag will be far more expensive than if Congress acts early, responsibly, and in the public's interest.

III

CIVIL SERVICE LEGISLATION

The Committee recommends that the Concurrent Resolution include $495.8 million for the estimated costs of civil service legislation which the Committee has

reported or intends to consider this session.

The spending level recommended for civil service legislation does not imply that all of the legislation or all of the costs associated with such legislation will be recommended; rather this figure represents the total cost which could be incurred if all legislation which the Committee plans to consider is enacted. Part IV of our Budget Format includes a description of all of the bills the Committee will consider or which have already been reported to the House. Some of the bills may raise partisan objections; others may be noncontroversial. One of the problems with recommending spending levels at this early date is that firm decisions as to legislative goals have not yet been made.

IV

COMMITTEE ACTION

These Views and Estimates were ordered reported by a roll call vote of 13 to 9.

The Committee's recommendations relating to additional appropriations for public services performed by the Postal Service (39 U.S.C. 2401(b)) and the alternatives discussed in Budget Format, Part IV, Item 1,

were approved by a roll call vote of 14 to 6.

The Committee's recommendation that the additional $307 million necessary to pay for revenue foregone, as authorized by Public Law 93-328, was not within the scope of the request for a roll call vote on postal appropriations. There was no disagreement expressed as to the Committee's recommendation that the revenue foregone appropriation be fully funded.

Matters relating to civil service legislation in the Budget Format, Part IV, Items 5 through 16, were approved by a roll call vote of 12 to 10.

MINORITY VIEWS

ON

POST OFFICE AND CIVIL SERVICE COMMITTEE

BUDGET RECOMMENDATIONS

The budget recommendations submitted under the banner of the majority of our Committee display an unfortunate lack of restraint, and so we urge the House Budget Committee to perform some necessary surgery on this inflated package of spending proposals.

In its haste to embrace questionable expansionist programs, the Committee majority demonstrated that it did not care to linger over, much less evaluate, pertinent proposals in the President's budget. In the process, the Committee majority paid obeisance to the discredited concept of unrestrained spending. In one instance, the Committee left itself in the risky position of trying to anticipate what action the other body will take on a bill dealing with postal finances. Despite majority Committee support for a huge and controversial postal subsidy, there is little likelihood this issue will be resolved prior to the Easter recess.

We particularly regret the Committee action in dismissing two important proposals contained in the President's budget which not only reduce expenditures this coming year but are long-range legislative improvements as well.

We refer to the President's proposals to (1) eliminate the extravagant one-percent bonus on cost-of-living increases to Civil Service annuities, and (2) revise the Wage Board pay system so as to bring it back in line with the concept of equal pay for equal work in a local wage area.

Annuities under the Civil Service retirement system are adjusted to provide cost-of-living increases to reflect increases in the Consumer Price Index. Whenever the CPI increases by 3 percent and remains at that level for 3 consecutive months, annuities are increased automatically by the highest percentage reached during that three-month period, plus an additional one percent.

This one percent bonus or "kicker" was enacted in 1969 to compensate for the time lag between price increases and annuity payments. But it is neither a timely nor an accurate method of maintaining the purchasing power of annuities. In the long run, this provision progressively overcompensates and produces annuity increases which are larger than the increases in the CPI.

Recent studies by the General Accounting Office show that since the enactment of this law, annuity adjustments have totaled 63 percent, but the CPI has risen by only 50 percent. This variance occurs because the 1 percent add-ons are permanent and become part of the annuity base for each succeeding adjustment.

The elimination of the 1 percent add-on, as proposed by the President, would reduce budget outlays in the coming fiscal year by $69 million. Since cost-of-living annuity adjustments are paid directly from the Civil Service Retirement Trust Fund, we simply cannot permit this unjustified drain to continue. The unfunded liability of the Civil Service Retirement Fund now stands at $97 billion. It is unfair to the employees who contribute to the retirement system to permit this unfunded liability to grow and to endanger the entire program.

Therefore, it is reasonable to elimiante the one-percent cost-of-living add-on as the President proposes and take at least that step toward stabilizing the retirement trust fund.

The President has also proposed certain reforms to the Federal Wage System which in its present form has departed from the basic prevailing rate principle, resulting in an unfair competitive advantage for the Federal government and unjustifiable payroll costs for wage board employees.

The President's proposals, based on recommendations from the President's Panel on Federal Compensation, are:

--Repeal the so-called "Monroney amendment";

--Establish night differential on wage area practice rather than a uniform 7½% to 10% differential;

--Reduce the five-step pay schedule under which the second step is equated to the prevailing rate in the private sector and each of the three upper steps are more than comparable with local rates, resulting in an ultimate pay rate of 112% of comparability.

--Eliminate the fixed pay line step requirements; and

--Include state and local governments in wage surveys.

It is estimated that the enactment of these recommendations would result in annual savings to the government of $304 million.

We strongly recommend that these legislative proposals be considered. Here again is a recommendation that has long-range beneficial effects for the government and the taxpayer. These recommendations should not be ignored.

The budget recommendation of the Committee, based on contemplated Committee action (and inaction), would increase the President's budget by approximately $3.2 billion. We cannot endorse this recommendation.

The largest item approved by the Committee would increase the public-service subsidy to the U.S. Postal Service by $1.7 billion. This is based on earlier Committee action on the bill H.R. 8603 which has been considered and amended in the House and is now pending in the Senate.

The President's budget includes a public-service subsidy of $920 million as required under the Postal Reorganization Act. We do not favor increasing this subsidy. While the Postal Service continues to face serious difficulties in achieving a balance between its costs and revenues, it is exploring ways to control costs without downgrading the service.

The Committee budget recommendation also assumes a Federal white collar pay increase in October above the 5% level which is contained in the President's budget. The President's budget assumes that the October 1976 pay increases will be limited to 5 percent. Smaller increases will be received by some employees, but for budget purposes it is assumed that all employees will receive at least a 3% increase, with the average estimated increase to be 4.7%. The budget contains $2.4 billion to cover this pay adjustment, which will include military personnel as well.

A possible restraint on Federal salary increases is not intended to reflect adversely on employees, but rather is based on an overriding concern for the country and its citizens with respect to fiscal responsibility and economic stability.

Each one percent of pay increase for white collar and military personnel adds approximately $500 million to the cost of running the government. Therefore, we hope that the Congress will stay within the pay recommendations of the President.

While we have not commented in detail on the many other items in the Committee's budget report, we believe, in general, that it fails to serve the purposes of the Congressional Budget and Impoundment Control Act of 1974. In setting out the Declaration of Purposes under that Act, the Congress declared that it is essential "to assure effective congressional control over the budgetary process."

If the Act is to have any meaning, then each Committee of the Congress must exhibit and exercise tighter restraints than are shown in our Committee's report.

Edward J. Derwinski, M. C.

Benjamin A. Gilman, M. C.

John H. Rousselot, M. C.

Robin L. Beard, M. C.

James M. Collins, M. C.

Gene Taylor, M. C.

SEPARATE MINORITY VIEWS

ON

POST OFFICE AND CIVIL SERVICE COMMITTEE

BUDGET RECOMMENDATIONS

In compliance with the Congressional Budget and Impoundment Control Act of 1974, the majority on the House Post Office and Civil Service Committee has prepared for filing with the House Budget Committee its proposals for fiscal year 1977. It troubles me very much that this budget reflects an increase of some $3.2 billion over the President's request. I feel that this high figure is particularly dangerous, since the proposal will probably become the "floor" for congressional spending, not the "ceiling," as intended.

In my opinion, a great deal of investigation and consideration should go into the planning of any budget, and I do not feel that we have adequately explored, evaluated, or justified the budgetary request that we are making. While it is true that there is difficulty in predicting what legislative needs involving spending will arise, the point remains that we are NOT resticting ourselves by this budget proposal and are, therefore, completely ignoring the reason for which the

Budget and Impoundment Control Act was first enacted--to limit federal expenditures wherever possible--as well as our sole reason for constructing a budget--to limit ourselves and necessitate the placing of priorities on needed legislation involving federal spending.

I cannot overemphasize my strong disagreement with the majority's position in this matter, and I urge the House Budget Committee to consider the need for a stricter budgetary limit during its deliberations on the House Post Office and Civil Service Committee's recommendations.

Trent Lott

Trent Lott, M. C.

BUDGET FORMAT

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

BUDGET FORMAT

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

EXPLANATORY NOTE

The method of financing programs included in the Budget Format is designated by the abbreviations "A" and "F". "A" refers to financing by annual appropriations. "F" refers to financing by payments made out of a fund which does not involve annual appropriations. "A - F" involves both.

Legislation increasing or expanding civil service retirement benefits is "entitlement legislation" as that term is defined under section 401(c)(2) of the Congressional Budget Act. However, civil service retirement legislation is a hybrid variety because it involves entitlement, authority, and outlays simultaneouly. It has the effect of creating budget authority because 5 U.S.C. 8348(f) provides that legislation for new or expanded benefits automatically authorizes appropriations in equal amounts each year for 30 years to amortize the increase in the unfunded liability of the Civil Service Retirement and Disability Fund caused by the new benefit. Since the enactment of this provision in 1969, Congress has not failed to appropriate the money necessary to amortize the costs of new benefits as well as the future retirement costs of annual Federal pay increases. The Committee, therefore, has included the amortized costs for civil service retirement as budget authority, even though these costs are authorized rather than appropriated under 5 U.S.C. 8348(f). For budget outlays, the Committee includes an estimate identical to the budget authority. Outlays from the Civil Service Retirement and Disability Fund may, and generally do differ from budget authority because of the demand upon the Fund in a particular year; but since the balance of the Fund exists, the amount of outlay is presently irrelevant. So long as money is available in the Fund to make payments, the true cost is the amount authorized to be appropriated each year under 5 U.S.C. 8348(f). That is the figure the Committee uses.

Cost-of-living adjustments in civil service retirement annuities made under 5 U.S.C. 8340 do not create new budget authority because the costs of outlays resulting from cost-of-living increases have been specifically exempted from the annualizied payment to the Fund as enacted in Public Law 91-93. No appropriations are made pursuant to these outlays.

PART I

PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH REQUIRE RE-ENACTMENT
OR MODIFICATION OF AUTHORIZING LEGISLATION FOR
FY 1977

		President's Request		Committee Recommendation		
		($ Millions)				
Item	Major Issue or Program	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	Comment
1.	Agricultural Census (Subcommittee on Census and Population)	4	4	4 (0)	4 (0)	H.R. 7824 embodying the President's proposal to change the year in which the agricultural census is taken, has been enacted and is awaiting the President's signature.

68-249 O - 76 - 29

PART II

PRESIDENT'S BUDGET REQUESTS
FOR NEW AND EXPANDED PROGRAMS WHICH WOULD
REQUIRE AUTHORIZING LEGISLATION FOR
FY 1977

Legislative Proposal	President's Request		Committee Recommendation		Comment
	($ Millions)				
	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	

NONE OF THE PRESIDENT'S REQUESTS COME UNDER THE JURISDICTION OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE.

PART III

PRESIDENT'S BUDGET REQUESTS
FOR REDUCTIONS IN EXISTING PROGRAMS
WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING
LEGISLATION FOR FY 1977

		President's Request		Committee Recommendation		
		($ Millions)				
Item	Legislative Proposal	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	Comment
1.	The President's proposal to repeal 5 U.S.C. 6323, which authorizes Federal employees to receive civil pay and military pay concurrently during periods of training (summer camp) in the Reserves or the National Guard. (Retirement and Employee Benefits)	-45	-45	+45	+45	The Committee does not agree with the President's proposal, and recommends inclusion of $45 million to continue this program at authorized levels. Method: A
2.	The President's proposal to repeal the additional 1 percent increase applicable to cost-of-living adjustments in civil service retirement annuities under 5 U.S.C. 8340. Assuming a 5.4 percent annuity increase effective December 1, 1976, outlays for annuities in FY 1977 will increase $342 million. The President's proposal would reduce this outlay by $69 million. (Retirement and Employee Benefits)	0	273	0	342 (+69)	The Committee does not agree with the President's proposal, and recommends restoration of $69 million to continue this program at authorized levels. However, see Part IV, Item 15 on this legislative issue. Method: F

PART III

PRESIDENT'S BUDGET REQUESTS
FOR REDUCTIONS IN EXISTING PROGRAMS
WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING
LEGISLATION FOR FY 1977

		President's Request		Committee Recommendation		
		($ Millions)				
Item	Legislative Proposal	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	Comment
3.	The President's proposed reduction of $304 million in comparability wage increases for employees paid at prevailing rates. Proposed modifications include: (1) repeal of the "Monroney Amendment"; (2) repeal of the statutory rate for night work pay differential; (3) repeal of the statutory schedule of five steps in each wage grade; (4) adjusting wage schedules to compare more accurately with wages in the private sector; and (5) including wages of state and local government employees in wage surveys. The comparability pay increases would result in new budget authority and outlays as shown. (Employee Political Rights)	161	161	465 (+304)	465 (+304)	The Committee does not agree with the President's proposals, and recommends restoration of $304 million to continue this program at authorized levels. Method: A

PART III

PRESIDENT'S BUDGET REQUESTS
FOR REDUCTIONS IN EXISTING PROGRAMS
WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING
LEGISLATION FOR FY 1977

		President's Request		Committee Recommendation		
		($ Millions)				
Item	Legislative Proposal	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	Comment
4.	The President's intention to submit an alternative plan under 5 U.S.C. 5305(c) for a 5 percent ceiling and a 3 percent minimum increase in Federal civilian (white collar) salaries, an average of 4.7 percent. (Full Committee)	1,158	1,158	1,551 (+393)	1,551 (+393)	The Committee does not agree with the President's proposal. If such alternative plan is submitted, the Committee intends to recommend a resolution of disapproval under 5 U.S.C. 5305(c) to reject the alternative plan. In his budget, page 164-165, the President states his intention to incorporate pay data on secretaries and computer operators in the comparability survey and to weight the survey data. These changes, which are administrative and not subject to congressional approval, would reduce the comparability pay increase of October 1976 from approximately 11.5 percent to 6.5 percent (see Item 5, next page). The Committee strongly recommends against the 5 percent ceiling. Such a ceiling is applicable only to Federal employees subject to the pay schedules involved, but not to 1.3 million Federal employees who are not subject to these schedules. The President would reduce the average increase to 4.7 percent, and, because Executive, Legislative, and Judicial salaries are adjusted by the average, rather than the highest percentage, the percentage increase at these levels would be lower than the percentage increase at the levels below the Executive level. The critical problem of increasing pay at the higher levels to insure the recruitment and retention of highly qualified individuals, and to avoid compressing employee salary levels against the salary levels for Presidential appointees, Federal judges, and Members of Congress, would continue. The Committee strongly recommends that comparability for Federal employees be followed. Method: A

PART III

PRESIDENT'S BUDGET REQUESTS
FOR REDUCTIONS IN EXISTING PROGRAMS
WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING
LEGISLATION FOR FY 1977

		President's Request		Committee Recommendation		
		($ Millions)				
Item	Legislative Proposal	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	Comment
5.	This proposal does not require congressional approval. The President's proposal to include private sector wage data relating to secretaries and computer operators in the Federal comparability survey of salaries. The survey is the basis for the annual adjustment of the General Schedule and other salary schedules and rates of pay for white collar Federal employees.	-1,284	-1,284	-1,284 (0)	-1,284 (0)	Because this reduction would result from an administrative change made under the authority vested in the President and the Bureau of Labor Statistics, under 5 U.S.C. 5305, the Committee makes no recommendation. The Committee does not intend to consider legislation to prevent the President from including this data in the comparability survey. A civil suit, Federal Employees Pay Council v. Robert E. Hampton (U.S.D.C., D.C. #76-0033) has been filed contesting the legality of the inclusion of these data. Because the inclusion of these data will reduce the comparability pay increase from approximately 11.5 percent to approximately 6.5 percent, the Committee believes that full comparability at the 6.5 percent level should be included in the President's Budget rather than the 5 percent ceiling tentatively proposed by the President.

PART IV.

LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977

Item	Identify Initiative	Budget Authority	Outlays	Comment
1.	Proposals relating to the financial operations of the Postal Service. (Postal Service)	+13,831	+13,831	The Committee recommends against H.R. 8603 as passed by the House of Representatives.
	Alternative #1 H.R. 8603, as passed by the House of Representatives, October 30, 1975.			Under existing law, all postal revenues are permanently appropriated to the Postal Service. The relevant budget authority and outlay are the appropriations made for public service ($920 million) and revenue foregone for phased rates. H.R. 8603, as amended by the Alexander Amendment and as passed by the House of Representatives, repeals the present system and reestablishes most of the financial characteristics which existed prior to the Postal Reorganization Act: postal receipts are paid directly into the general fund of the Treasury, and postal expenditures are made pursuant to annual appropriations. The total Postal Service budget for FY 1977 (including $1,364 million for capital projects financed by borrowed funds) is $16,695 million. Revenues are $12,950 million and appropriations requested by the President for public service, revenue foregone, and other items are $1,500 million. The difference ($16,695 million minus $1,364 and $1,500 million), $13,831 million, would be the increase in FY 1977 budget if H.R. 8603 is enacted in its present form. The additional outlays would be accompanied by new revenues of $12,950 million In addition, the accumulated postal operating deficit (FY 1971 - FY 1976) of $2,479 million would be added to the Federal debt. The Postal Service also owes $1,783 million in notes, bonds, and mortgages which would continue as liabilities of the Postal Service to be paid by additional borrowing or future appropriations (budget authority) as the notes, bonds, and debts come due. Since the authority of the Postal Service to control revenues is repealed by the Alexander Amendment, the ability to borrow funds for capital projects or refinancing debt is highly conjectural.

PART IV.

LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977

Item	Identify Initiative	Budget Authority	Outlays	Comment
		($ Millions)		
1. (cont'd)	Alternative #2 H.R. 8603 as reported by the Committee on July 24, 1975.	2,555 (Increase of $1,635 million over current funding.)	2,555	The Committee recommends the inclusion of $2,555 million in the Concurrent Resolution in FY 1977. H.R. 8603, as recommended by the Post Office and Civil Service Committee authorized a public service appropriation of $35 for each postal delivery address, resulting in an appropriation of $2,555 million. S. 2884, a bill introduced by Senator McGee and now pending in the Senate, authorizes a new additional public service appropriation equal to 10 percent of operating costs -- about $1,540 million for FY 1977, to be added to the existing public service appropriation of $920 million. Method: A
2.	Legislation establishing a labor management relations program. (Manpower and Civil Service)	22	22	The Subcommittee on Manpower and Civil Service has conducted extensive hearings and a committee print designed to express a concensus of the Subcommittee is pending for consideration. Method: A
3.	Legislation (H.R. 12080) to protect the civil service system against political abuses. (Manpower and Civil Service)	6	6	The Subcommittee on Manpower and Civil Service intends to consider this legislation. Method: A
4.	Legislation (H.R. 4634) to change the workweek for Federal firefighters. (Manpower and Civil Service)	34.2	34.2	The Subcommittee on Manpower and Civil Service has completed hearings on this legislation. Method: A

PART IV.

LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977

Item	Identify Initiative	Budget Authority ($ Millions)	Outlays	Comment
5.	Legislation (H.R. 5465) to insure employment and early retirement benefits for the Indians services agencies. (Retirement and Employee Benefits)	3	3	H.R. 5465 was ordered reported by the Committee on February 19, 1976. Method: A-F
6.	Legislation (H.R. 11439) to provide for the restoration of health insurance coverage for civil service survivor annuitants. (Retirement and Employee Benefits)	.4	.4	H.R. 11439 was reported to the House on February 9, 1976. (House Rept. 94-815). Method: A
7.	Legislation (H.R. 11465) to provide for the reinstatement of civil service survivor annuities for remarried individuals. (Retirement and Employee Benefits)	.5	.5	H.R. 11465 was ordered reported by the Committee on February 19, 1976. Method: A-F
8.	Legislation (H.R. 11438) providing for court leave for Federal employees appearing as witnesses in certain judicial proceedings. (Retirement and Employee Benefits)	minimal	minimal	H.R. 11438 passed the House on February 17, 1976 (House Rept. 94-814). Method: A
9.	Legislation (H.R. 11738) relating to civil service annuities for United States judges. (Retirement and Employee Benefits)	0	slight reduction	H.R. 11738, to suspend a retired employee's annuity payments during a period of service as a United States judge, will be considered.

PART IV.

LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977

Item	Identify Initiative	Budget Authority	Outlays	Comment
10.	Legislation to increase the Government contribution to the cost of Federal employees' group life insurance and add a new optional family plan to be paid by the employee. (Retirement and Employee Benefits)	80	80	The Committee intends to consider this legislation. Method: A
11.	Legislation (H.R. 11245) to provide overtime pay for certain employees in the Department of Agriculture, Animal and Plant Health Inspection Service. (Retirement and Employee Benefits)	minimal	minimal	The Committee intends to consider this legislation. Method: A
12.	Legislation (H.R. 10419) to make employees of the nonappropriated fund activities of the Armed Services Federal employees. (Retirement and Employee Benefits)	145	145	The Committee intends to consider this legislation. Method: A
13.	Legislation (H.R. 10084) to extend air traffic controllers' retirement benefits to employees in flight service stations. (Retirement and Employee Benefits)	3.3	3.3	The Committee intends to consider this legislation. Method: A-F
14.	Legislation (H.R. 12275) to change the computation of the Government contribution to Federal employees' health insurance premium. (Retirement and Employee Benefits)	60	60	The Committee intends to consider this legislation. Method: A

PART IV.

LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977

Item	Identify Initiative	Budget Authority	Outlays	Comment
15.	Legislation (H.R. 3310) to revise the methods of determining the timing and amount of cost-of-living increases in civil service retirement annuities (5 U.S.C. 8340). (Retirement and Employee Benefits)		60	Eliminates one percent bonus accompanying annuity increases, and reduces waiting period before adjustments take place after a 3 percent increase in the Consumer Price Index has been reached. Method: F
16.	Legislation (H.R. 7110) extending preferential retirement benefits to certain employees of the Immigration and Naturalization Service. (Retirement and Employee Benefits)	11.4	11.4	H.R. 7710 was reported to the House September 5, 1975 (House Rept. 94-460). Method: A-F
17.	Legislation to remove the ceiling on salaries under the General Schedule, to exclude certain salaries from annual comparability adjustments, and to speed up the submission of recommendations from the Commission on Legislative, Executive, and Judicial salaries for FY 1977. (Full Committee)	45	45	The Committee intends to consider this legislation. Method: A
18.	Legislation to establish a bicentennial era fund and program. (Census and Population)	25	25	The Committee tentatively plans to consider this legislation. Method: A

PART V.

PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE
AUTHORIZING LEGISLATION FOR FY 1977

		President's Request		Committee Recommendation		
		($ Millions)				
Item	Major Issue or Program	Budget Authority	Outlays	Budget Authority (Difference)	Outlays (Difference)	Comment
1.	The President's request for Postal Service appropriations for public services (39 U.S.C. 2401(b)). (Postal Service)	920	920	See Part IV, Item 1, Alternative #2.		
2.	The President's proposal requesting funds for postal revenue foregone, excluding funds necessary to finance extended phasing rates authorized by Public Law 93-328 (39 U.S.C. 2401(c)). (Postal Service)	484.7	484.7	792 (+307.3)	792 (+307.3)	The Committee recommends that the $307 million necessary to pay for funding phasing rates for nonprofit organizations and other mailers, as authorized by Public Law 93-328, be restored and included in the Concurrent Resolution. The money necessary to fund this authorization was included in the Concurrent Resolution for FY 1976, and was appropriated by Congress. Method: A
3.	Federal funds paid pursuant to the Intergovernmental Personnel Act. (Employee Political Rights)	10	10	10 (0)	10 (0)	

Committee on Public Works and Transportation
NINETY-FOURTH CONGRESS
Congress of the United States
House of Representatives
Room 2165, Rayburn House Office Building
Washington, D.C. 20515
TELEPHONE: AREA CODE 202, 225-4472

ROBERT E. JONES, CHAIRMAN

March 15, 1976

Honorable Brock Adams
Chairman
House Budget Committee
Washington, D. C.

Dear Brock:

The enclosed report, setting forth the views of the Public Works and Transportation Committee on the President's Budget for 1977, is submitted in accord with Section 301(c) of the Congressional Budget and Impoundment Control Act of 1974.

At this point in this first year of full operation for the Congressional Budget Act, I want to congratulate you, the Budget Committee, and staff on the fine job you are doing in a very difficult and sensitive area. This Committee will continue to support your effects to bring about a truly effective Congressional budget activity.

With warm personal regards, I am

Sincerely,

Bob

Enclosures

REPORT TO THE

COMMITTEE ON THE BUDGET

TRANSMITTING THE VIEWS OF THE

COMMITTEE ON PUBLIC WORKS

AND TRANSPORTATION

ON THE

BUDGET FOR FISCAL YEAR 1977

U.S. HOUSE OF REPRESENTATIVES
94th CONGRESS SECOND SESSION

March 15, 1976

TABLE OF CONTENTS

	Page
1. Introduction	1
A. Overview of President's Budget	1
B. Impact on Committee Programs	2
2. Summary of Proposed Legislative Programs	5
A. Proposed in the President's Budget	5
B. Committee List	6
3. Summary of Committee Recommendations by Function and Subfunctions	7
4. Detail of Committee Views and Recommendations	9
A-I. President's Budget Requests for Existing Programs which Require Re-enactment or Modification Legislation for Fy 1977	9
B-II. President's Budget Requests for New and Expanded Programs which would Require Authorizing Legislation for 1977	21
C-III. President's Budget Request for Reductions in Existing Programs which would Require Amendment or Authorizing Legislation for 1977	23
D-IV. Legislative Initiatives of Congress for 1977	25
E-V. President's Budget Requests for Existing Programs which do not Require Authorizing Legislation for 1977	30
5. General Comments	41
A. Potential Illegal Congressional Impoundments	41
B. Changes in the Functional Classification System	41
C. Congressional Budget Process	43

1. INTRODUCTION

A. OVERVIEW OF THE PRESIDENT'S BUDGET

The President's 1977 Budget recommends total outlays of $394 billion and receipts of $351. This results in a deficit of $43 billion which compares with an anticipated deficit of $76 billion in 1976 -- the largest in U.S. history. For the transitional budget — July through September 1976 — the deficit is estimated at $16 billion.

The Administration's long-range ecomomic outlook anticipates modest but steady improvement in unemployment and inflation levels but no dramatic short-term improvements. The rate of unemployment is expected to average 6.9% in Calendar Year 1977 with inflation, as measured by consumer prices, rising by 6%. The real growth of the economy based on production of goods and services (GNP) is estimated at 5.7% for 1977 and 6.2% for 1976.

In presenting his budget the President pointed out that the 5.5% rate of Federal spending growth for 1977 is less than one half the growth rate for expenditures over the last 10 years and sets the course for a balanced budget in three years. The highest priority is accorded to defense, energy, and the provision of protection to the elderly through insurance against catastrophic illness.

In return for reducing the growth in spending, the President proposes an additional $10 billion in tax reductions effective July 1, 1976. Reductions in spending are expected to result from lower levels of unemployment, revamping various welfare programs and other changes. While recognizing that unemployment will remain at a high level, the Administration's Budget aims to add jobs via the private sector rather than through public job programs. Holding back Government stimulus characterizes the budget in about all areas except defense.

The President also directed attention to the need for encouraging capital formation to meet our long-term goals of full employment and non-inflationary growth. Business investment in plant in relationship to our gross national product must increase and the growth of Federal spending must slow down so that the claims of the Federal Government on our economic resources will not prevent an adequate flow of savings into the private sector.

The Chairman of the Federal Reserve Board in recent testimony on the budget before the House Appropriations Committee warned that a large Federal deficit could "rekindle inflation and snuff out" the economic recovery. The Chairman of the Council of Economic Advisers, in his recent testimony before the House Senate Joint Committee, concurred.

On the other hand recent testimony by outside economists before the House and Senate Budget Committees, as well as the views expressed by many members of the Congress, indicate that the Administration's budget is not sufficiently stimulative to maintain a continuation of the favorable economic trends now appearing in the economy. In their judgment this will require a larger deficit than that proposed by the President. Otherwise there will be no further improvement in the unemployment rate and and economic growth will be lower than that projected by the Administration for 1977.

Extensive hearings by the Committee in connection with the Public Works Employment Act of 1976 raises serious doubt regarding the economic projections underlying the President's Budget recommendations. Even the most optimistic forecasters predict that unemployment will remain over 7.0 percent for 1977, and the outlook is much bleaker in the construction industry. States and local governments are continuing to cut back capital spending for public facilities and there is little indication of any major surge in private sector construction through 1977. Also, there is ample justification for stimulating public facility construction and Federal economic development activities in 1977.

This conclusion is justified by recent economic analysis which shows that the Administration's FY 77 fiscal policy is needlessly restrictive. The Federal Reserve Bank of St. Louis, for instance, concluded that the Administration's proposed budget, as measured on a "full employment" basis, will move sharply from stimulus to restraint. As a result of this new analysis, we feel there is growing agreement among economists that real economic growth should be greater than the 6.2 percent projected in this year's Economic Report of the President to have any significant impact on unemployment.

B. IMPACT ON COMMITTEE PROGRAMS

A review of the President's budget recommendations for 1977 discloses that a number of the programs assigned to the Public Works and Transportation Committee would be adversely affected and, in some instances would conflict with legislative intent, if the President's recommendations were to be adopted.

Surface Transportation - The President's Budget recommendations for programs of the Federal Highway Administration, the National Highway Traffic Safety Administration and Federal domain road programs of other Federal agencies vary considerably from those in the House-passed version of the Federal-Aid Highway Act of 1976. Committee recommendations for these programs will have to be revised for necessary changes and resubmitted to the Budget Committee to reflect the final version of the legislation presently being deliberated in Conference with the Senate which

68-249 O - 76 - 30

could impact recommendations for both the transition quarter and Fiscal Year 1977.

In 1975 about 92% of the urban mass transit formula grants were used for operating subsidies. The President recommends that a limitation of 50% be placed on the amount of grant funds that could be used for operating subsidies. Should this proposed limitation not be accepted by the Congress the President's budget would underestimate the funds required in 1977 for capital assistance.

Water Resources - The Administration's budget request for the water resources program of the Corps of Engineers would severely weaken the traditional Federal role in this critical area. Planning of new projects has been cut to a bare minimum. There are no new construction starts. And funding of projects presently under construction as well as the maintenance of existing projects have been substantially under financed. The Administration followed a similar budget policy for the small watershed programs in the Department of Agriculture and for the non-power programs of the TVA.

The viability of our water resources development program must be maintained or this Nation will face serious water supply shortages in the future unless steps are not soon taken to plan and construct needed measures. This cannot be achieved at the funding levels recommended by the Administration.

Although at least 22 states are expected to be out of funds by the end of Fy 1977 no additonal budget authority is provided the Environmental Protection Agency for funding construction waste treatment plants and no provision is made for reimbursing municipalities for plants constructed between 1966 and 1972. Programs for area-wide management treatment processes and for grants to state water pollution control agencies are under-financed. Notwithstanding the dangerous health effects of toxic effluents, the development and enforcement of standards has not yet been implemented nor have funds been earmarked for this purpose. Although there is a strong Congressional interest in training grants and scholarships, these programs are being phased out.

Aviation - The President recommended that the operation and and maintenance of Airway System be funded in the amount of $476 million out of receipts of the airport and airway trust fund. This is in conflict with H.R. 9771 passed by the House on December 18, 1975, which set a limit of $75 million for 1977 and restricted the use of these funds to financing the costs of services provided under certain international agreements and a portion of the direct costs and admininistrative expenses of servicing airway facilities.

Economic Development - The Committee feels that President's recommended budget for the Economic Development Administration would seriously impede growth and development of the EDA programs and would stifle economic recovery in a sizable portion of the country. The President's budget recommends more than a one-third reduction in funding over the 1976 appropriation level and all EDA programs would be adversely effected.

The Committee feels that EDA has proven its capability and has the variety of tools necessary to bring about economic development in the designated EDA areas.

Federal and other public expenditures should be focused dramatically upon the strengthening of existing communities. The need for new jobs is shifting rapidly into the urban centers where the manufacturing jobs have moved away leaving an immobile, poor population behind (at an enormous welfare cost). The cost of the other regional development programs is almost insignificant in comparison -- well below levels where really significant regional impact can be expected. We should, at a minimum, give them a better chance to work. The EDA program is designed to assist areas of the country which are lagging economically behind the rest of the Nation. It is an effective job-producing program. Thus, the Committee feels that particularly in the present economic climate the EDA program should be expanded rather than decreased.

Public Buildings and Grounds - There is currently over a one billion dollar backlog of direct federal construction pending before the Congress or to be submitted by the Administration shortly. Only five requests amounting to $28 million are recommended by the Administration which would make only a small reduction in this backlog in the face of a serious national unemployment problem that is particularly acute in the construction industry.

Personnel Levels - The President's budget in a number of functional areas particularly those involving regulatory activities appear to be too restrictive to permit the prompt promulgation of regulations, the processing of cases, and the issuance of permits. Failure to provide sufficient personnel to administer a regulatory function adveresly affects the private sector of the economy in its planning and operations. Also failure to provide sufficient personnel results in an ineffective Administration of the laws enacted by the Congress.

2. SUMMARY OF PROPOSED LEGISLATIVE PROGRAMS

A. PROPOSED IN THE PRESIDENT'S BUDGET

	IN MILLIONS	
	Budget Authority	Outlays
1. Water Resources		
A. Federal Water Pollution Control Act		
a) Construction Grants	—	—
b) Enforcement	21	21
c) Abatement and Control	99	3
d) To formulate a multi-year program appropriations beginning in 1978	(a)	(a)
B Corps of Engineers - Civil Functions		
Flood Control Miss. River & Tribs.	144	144
Construction General	254	251
C. Water Transportation		
User Charges. Estimated revenues for 1980 ($80 million)	—	—
2. Air Transportation		
A. Airport and Airway Development Act	600	575
B. National Transportation Safety Board (Pending)	17	17
3. Surface Transportation		
A. Highway and Safety Legislation (Pending)	74	57
B. Highway Beautification (Pending)	32	(a)
C. Mass Transit - Limit use of Formula Grants for Operating Subsidies		
D. Hazardous Materials - Materials Handling	—	(a)
(Split Jurisdiction) ($2.987)	7	(a)
E. Legislation Reforming Regulation of Airlines and Trucking	(a)	(a)
4. Economic Development:		
A. Extend program beyond 9/30/76	209	19
B. Office of Minority Buisiness Enterprise: Administration Development (Split Jurisdiction)	3	3

(a) Not available

B. COMMITTEE LIST OF CONGRESSIONAL INITIATIVES

	IN MILLIONS	
	Budget Authority	Outlays
1. Water Resources		
A. Basin Authorizations	550	548
2. Surface Transportation		
A. Sec. 123: Highways Crossing Federal Projects	100	50
B. Sec. 130: Acceleration of Projects	25	10
C. Sec. 132: Ride Sharing Projects	25	10
D. Sec. 137: Traffic Control Signalization	75	12
E. Sec. 203: Rail-Highway Crossings	75	15
2. Air Transportation		
A. Aircraft Noise Abatement	50	10
B. International Security Charges	3	3
4. Community and Regional Development		
A. Business Develpment (Title II)	125	45
B. Urban Economics (Title IV)	100	80
C. Economic Opportunities Programs (Title X)	500	200
D. Economic Adjustments for Deteriorating Areas (Title IX)	25	20

3. Summary of Committee Recommendations by Function and Subfunction for the Transition Quarter (TQ) and FY 1977

(in millions)

FUNCTION Subfunction	Budget Authority				Outlays			
	President's Request		Committee Recommendation		President's Request		Committee Recommendation	
	TQ	1977	TQ	1977	TQ	1977	TQ	1977
INTERNATIONAL AFFAIRS (150)	7	32	7	32	11	37	11	37
Foreign Economic & Financial Assistance (151)	7	29	7	29	10	35	10	35
Conduct of Foreign Affairs (152)	0	3	0	3	1	2	1	2
NATURAL RESOURCES, ENVIRONMENT & ENERGY (300)	774	2795	1015	7866	1597	7220	1463	7407
Water Resources & Power (301)	731	2460	731	2975	1019	3405	809	2844
Conservation & Land Management (302)	0	200	35	340	0	170	60	263
Pollution Control & Abatement (304)	43	135	249	4551	578	3645	594	4300
COMMERCE & TRANSPORTATION (400)	587	9970	6027	13377	3004	11383	3218	12623
Other Advancement & Regulation of Commerce (403)	1	3	1	3	1	3	1	3
Ground Transportation (404)	39	7479	5274	9442	2387	8918	2415	9668
Air Transportation (405)	544	2474	749	3918	613	2448	799	2938
Water Transportation (406)	*	2	*	2	*	2	*	2
Other Transportation (407)	3	12	3	12	3	12	3	12
COMMUNITY & REGIONAL DEVELOPMENT (450)	170	768	236	1332	250	890	294	1480
Area & Regional Development (452)	133	668	199	1232	195	640	239	1230
Disaster Relief (453)	37	100	37	100	55	250	55	250
EDUCATION, TRAINING, EMP'NT & SOCIAL SERVS (500)	0	0	0	500	0	222	205	419
Training and Employment (504)	0	0	0	500	0	222	205	419
LAW ENFORCEMENT & JUSTICE (750)	4	16	4	16	9	25	9	25
Federal Law Enforcement & Prosecution (751)	4	16	4	16	9	25	9	25
Federal Judicial Activities (752)	0	0	0	0	*	0	*	0
GENERAL GOVERNMENT (800)	0	0	0	20	3	-7	3	21
Central Fiscal Operations (803)	0	0	0	20	1	3	1	7
General Property & Records Management (804)	0	0	0	0	2	-10	2	14
TOTAL COMMITTEE PROGRAMS	1542	13581	7289	23143	4874	19770	5203	22012
Increase over President's Budget			+5747	+9562			+329	+2242

* Less than $.5 million

4. Detail of Committee Views and Recommendations

A-I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE RE-ENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FY 1977

NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)
CONSERVATION AND LAND MANAGEMENT (302)

($ Millions)

Major Issue or Program	Budget Request BA	Budget Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Department of Agriculture					
Forest Roads and Trails	200.0	170.1	340.0 (+140.0)	263.0 (+92.9)	

The President's Budget recommendation for the above program varies considerably from that in the House passed version of the Federal-Aid Highway Act of 1976. The Committee will have to reassess its recommendations to reflect the final version of the legislation as it comes out of Conference with the Senate.

NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300)
POLLUTION CONTROL AND ABATEMENT (304)

($ Millions)

Major Issue or Program	Budget Request BA	Budget Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Environmental Protection Agency					
Enforcement 20-00-0106-0-1	21.2	21.0	145.0 (+123.8)	52.0 (+31.0)	Increase would provide for the issuance and monitoring of effluent permits.

NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300) (Con't.)
POLLUTION CONTROL AND ABATEMENT (304) (Con't.)
Environmental Protection Agency (Con't.)

The Committee's recommendation represents the amount of funds to be earmarked for enforcement from the authorization for EPA's administrative activities contained in section 517 of the Act. Thousands of effluent permits have been issued to municipal and industrial dischargers containing compliance schedules that are geared to the achievement of the 1977 effluent requirements of the Act. If the permits are to result in improved water quality, it is vital that they be carefully monitored and enforced. EPA's resources in this area for FY 1977 are inadequate for this task.

($ Millions)

Major Issue or Program	Budget Request BA	Budget Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Construction Grants 20-00-0103-01-1	--	3,470.0	2,550.0 (+2,550.0)	3,695.0 (+225.0)	Provides sufficient funds to maintain the construction grant program for municipal waste treatment works and to fully fund all eligible reimbursement projects.

This authority would be distributed among the following programs:

($ Millions)

Major Issue or Program	Budget Request BA	Budget Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Section 206(a) - Reimbursement grants, 1966-1972	0	100.0	1,050.0 (+1,050.0)	250.0 (+150.0)	
Section 207 - Construction grants	0	3,370.0	1,500.0 (+1,500.0)	3445.0 (+75.0)	

NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300) (Con't.)
POLLUTION CONTROL AND ABATEMENT (304) (Con't.)
Environmental Protection Agency (Con't.)

The President's budget recommends no new budget authority for the construction of muncipal waste treatment works on the premise that prevously impounded and presently unobligated funds will be sufficient to support this program through FY 1977. However, EPA estimates show that at least 22 States will run out of funds before the end of FY 1977. In addition, assurances of future Federal funding are necessary to maintain continuity in the efforts by the States and municipalities to prepare grant applications and to raise local monies. The Committee will either provide an authorization of $7,000,000,000 for the construction grant program for FY 1977, or an additional authorization will be provided for FY 1978 and 1979 with the provision that a portion of this money will be available for FY 1977. The Committee recommends that $1,500,000,000 of this authorization be available for obligation in FY 1977. It is estimated that the obligation of the $1,500,000,000 would result in only $75,000,000 in outlays in FY 1977. H.R. 5247 included an authorization of $1,400,000,000 for the construction grant program. This provision may be resurrected.

The President's budget contains no budget authority for the reimbursement programs authorized by Sections 206(a) of the Act. The Section 206(a) program provides grants for projects on which construction was initiated between 1966 and 1972. Thus far, eligible projects have been reimbursed approximately 2/3 of their grant amount. Also, because of inequities resulting from EPA's delay in implementing this program, legislation is currently pending which clarifies the eligibility of certain additional projects. The Committee's recommended level of budget authority would be sufficient to fully reimburse all eligible projects.

($ Millions)

Major Issue or Program	President's Request BA	President's Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Abatement and Control 20-00-0108-0-1	99.9	143.4	640.0 (+540.1)	245.8 (+102.4)	The Administration has significantly under-funded pollution control program. The recommeded increases are essential to progress in this area

NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300) (Con't.)
POLLUTION CONTROL AND ABATEMENT (304) (Con't.)
Environmental Protection Agency (Con't.)

The authority recommended by the Committee would be used to maintain the following program levels:

	$ Millions			
	President's Request		Committee Recommendation	
Program	BA	O	BA	O
Section 104(g)(1) - Pilot Training	0.8	0.9	7.5 (+6.7)	3.1 (+2.2)
Section 104(g)(2) - Manpower Forecasting	0.4	0.4	2.5 (+2.1)	1.5 (+1.1)
Section 106 - Grants to States Pollution Control Agencies	40.0	47.0	100.0 (+60.0)	75.0 (+28.0)
Section 112 - Training Grants	0	0.3	25.0 (+25.0)	4.0 (+3.7)
Section 208 - Areawide Waste Treatment Management process	15.0	45.0	150.0 (+135.0)	60.0 (+15.0)
Section 314 - Clean Lakes	0	9.0	150.0 (+150.0)	19.0 (+10.0)
Section 517 - General Administration	43.7	40.8	205 (+161.3)	83.2 (+42.4)

The Administration has consistently failed to allocate sufficient resources to the programs authorized by the Federal Water Pollution Control Act and in some instances, attempting to eliminate vital programs. Programs of particular importance are:

NATURAL RESOURCES, ENVIRONMENT, AND ENERGY (300) (Con't.)
POLLUTION CONTROL AND ABATEMENT (304) (Con't.)
Environmental Protection Agency (Con't.)

Training grants and scholarships (Section 109-112): The Administration has requested no budget authority for this program although it is an important factor in safeguarding the investment of Federal funds in the abatement of pollution control, and Congress has shown its continued interest in maintaining the programs by authorizing and appropriating funds.

Grants to state water pollution control agencies (Section 106): the Administration has consistently underfunded this program despite evidence from both the states and EPA that it is a vital component of the water pollution control program. In the past, however, Congress has recognized the significance of this program by appropriating more funds than were requested by the President. The President has requested only $40 million for this program. The states have testified that a minimum of $100 million is required.

Areawide waste treatment management processes (Section 208): The President's budget provides only $15 million for this program. However, it is estimated that 125 areas remain to be designated and funded. Many of these areas were unable to qualify for monies authorized in FY 1973 and 1974 becuse EPA delayed in promulgating the necessary implementing regulations. Also under a recent court decision, states will be required to conduct 208 planning in "non-designated" areas within their boundaries. The cost of funding these additional 125 areas plus the state non-designated activity could total over $400 million. Furthermore, the President's budget does not provide funds for program evalution and guidance activities by EPA. At least $5 million should be provided for this purpose.

Program administration (Section 517) : the water pollution control program has suffered from inadequate staffing and program support in all program areas--including the construction grant program, the establishment of water quality standards, and the issuance and maintenance of the effluent National Permit Discharge Elimination System--all of which involve the investment of billions of dollars by all levels of government and the private sector. In addition, the critical program for the development and enforcement of toxic effluent standards has not yet been implemented. Because of the dangerous health effects of toxic substances, a minimum of $15 million should be earmarked for the immediate implementation of the toxic control program authorized by Section 304.

COMMERCE AND TRANSPORTATION (400)
GROUND TRANSPORTATION (404)

($ Millions)

Major Issue or Program	Budget Request BA	Budget Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Department of Transportation					
Federal Highway Administration	6582.8	7030.0	8001.6 (+1418.8)	7225.5 (+195.5)	

The President's budget recommendations for programs of the Federal Highway Aministration vary considerably from those in the House-passed version of the Federal-Aid Highway Act of 1976. The above recommendations will have to be revised for necessary changes to reflect the final version of the legislation presently being deliberated in Conference with the Senate.

($ Millions)

Major Issue or Program	Budget Request BA	Budget Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Department of Transportation					
National Highway Traffic Safety Administration	177.1	170.3	282.7 (+105.6)	207.1 (+36.8)	

The Committee recommends no changes in the President's Budget for activities under the National Traffic and Motor Vehicle Safety Act and the Motor Vehicle Information and Cost Savings Act. However, the President's budget recommendation for activities under the Highway Safety Act vary considerably from those contained in the House-passed version of the Federal-Aid Highway Act of 1976. The Committee will have to reassess its recommendation with respect to this program to reflect the final version of the legislation presently being deliberated in Conference with the Senate.

COMMERCE AND TRANSPORTATION (400) (Con't.)
GROUND TRANSPORTATION (404) (Con't.)

($ Millions)

Major Issue or Program	Budget Request BA	Budget Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Department of Interior					
Development of Public Lands through Construction of Roads and Trails	0	5.0	10.0 (+10.0)	10.0 (+5.0)	
Indian Reservation Roads	27.2	68.0	83.0 (+55.8)	110.0 (+42.0)	
Road Construction (National Park Service)	0	22.9	75.0 (+75.0)	48.0 (+25.1)	

The President's Budget recommendations for the above programs vary considerably from those in the House-passed version of the Federal-Aid Highway Act of 1976. The Committee will have to reassess its recommendations to reflect the final version of the legislation as it comes out of Conference with the Senate.

COMMERCE AND TRANSPORTATION (400)
AIR TRANSPORTATION (405)

($ Millions)

Major Issue or Program	President's Request BA	President's Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Department of Transportation					
Federal Aviation Administration Operations (Airport and Airway Trust Fund) 21-20-8104-2-7*	476.4	476.4	75.0 (-401.4)	75.0 (-401.4)	Recommendation is in line with H.R. 9771, as passed by the House on Dec. 18, 1975, which authorizes no more than $75 Million to be appropriated from the trust fund for the direct costs and administrative expenses of servicing airway facilities, and the costs of services provided under certain international agreements.

The 1970 Act authorized the obligation of trust funds for the maintenance and of airway facilities. After abuse of this authorization, Public Law 92-174 was enacted to repeal this authority. The provision in H.R. 9771 represents a partial return to the principle established in the 1970 Act, but contains adequate safeguards to prevent recurrence of abuses.

($ Millions)

Major Issue or Program	President's Request BA	President's Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Grants-in-Aid for Airports 21-20-8106-0-7	350.0*	355.0	490.0 (+140.0)	355.0 (0)	Increase required to meet the growing needs of the airport airway system and to offset inflation costs in the construction industry.

*Includes $15M for planning grant program.

COMMERCE AND TRANSPORTATION (400) (Con't.)
AIR TRANSPORTATION (405) (Con't.)
Department of Transportation (Con't.)

The Committee disagrees with the President's Budget of $350 million, which includes money for the planning grant program. The Department of Transportation, based on information contained in the present National Airport System Plan conservatively estimates that airport development needs for fiscal years 1976-1980 are $6.4 billion. The Committee's view, as reflected in H.R. 9771, as passed by the House on Dec. 18, 1975, recognizes the needs to be great, but tempers this recognition with awareness of the need for realistic budgetary constraint. Considering inflationary impacts the President's Budget calls for decreased construction; the Committee's recommendation will allow for a modest increase in construction.

($ Millions)

Major Issue or Program	President's Request BA	President's Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Facilities and Equipment 21-20-8107-0-7	227.0	226.0	250.0 (+23.0)	226.0 (0)	Basic statute and H.R. 9771, as passed by the House on Dec. 18, 1975, authorizes the Secretary to obligate not less than $250M for the years 1971-1975 (1970 Act) and 1976-1978 (H.R. 9771)

COMMUNITY AND REGIONAL DEVELOPMENT (450)
AREA AND REGIONAL DEVELOPMENT (452)

($ Millions)

Major Issue or Program	President's Request BA	President's Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Department of Commerce					
Economic Development Administration					
Economic Development Assistance Programs 06-10-2050-0-1 2/ 3/	209.0	19.0	636.0 (+427.0)	441.0 (+422.0)	Full funding of planned authorized levels for EDA

COMMUNITY AND REGIONAL DEVELOPMENT (450) (Con't.)
AREA AND REGIONAL DEVELOPMENT (425) (Con't.)
Department of Commerce (Con't.)

2/
Split jurisdiction:
Public Works and Transportation Committee
Ways and Means Committee

3/
Remainder of account not requiring
re-authorization in category V

Title I

The Committee recommends funding for Title I of EDA up to the full level of authorization of $250 million. The demand and need for EDA public works programs for long-term economic development in depressed communities continue to grow. These funds provide grants and loans for the construction or expansion of public works projects which offer substantial employment potential and improve the capacity for the construction or expansion of public works projects which offer substantial employment potential and improve the capacity for economic growth by the by the development of structures conducive to the location of industrial and commercial enterprises. At the present time there are nearly 1800 counties eligible for this program with a minimum estimate of four communities in each of these counties. There are over 7200 EDA applicants each year. The current funding level make it possible to fund an average of 350 projects per year. During the present fiscal year alone, EDA received more than 1,000 proposals for over a billion dollars. The fully authorized funding of public works projects could enable EDA to reach more of these needy communities. In the present economic climate it is particularly critical that this assistance be available to chronically depressed areas.

Title III -- Planning technical Assistance

The Committee recommends that the program level for Title III be at the same level as the current authorization. Section 302 which authorizes 80% planning grants to States, cities, and sub-State planning and development organizations is needed to continue economic development planning and to continue systematic efforts to reduce unemployment and increase incomes. Economic development planning is a continuous process of defining and implementing development goals through the involvement of public officials and private citizens. The Economic Development Districts have demonstrated their effectiveness and the increased program level recommended would permit designation of 70 new districts in Fiscal 1977. State planning is also just getting underway.

Section 304 is a new program of grants to States to fund or supplement projects eligible under Titles I, II, and IV of the Act. These funds must be matched on a 25/75% basis by the State. Authority is further granted for Governors to provide "first dollar" money on projects if EDA has no funds available for such projects and

if the project has EDA approval as meeting its project criteria. The first funds were allocated to States in Fiscal 1976.

This program is needed to establish or augment a comprehensive economic development planning process as part of an overall State planning process establishing overall State goals. The grant program gives States greater flexibility in carrying out their economic development objectives. The Committee recommends that the program leve; for Sec. 304 be increased to the current level of authorization ($75 million) to permit States to fully support the State Economic Development plans that are now being formulated.

All remaining recommendation relating to other titles of the Act are covered under New Legislative Initiatives of Congress for FY 1977.

68-249 O - 76 - 31

B-II. PRESIDENT'S BUDGET REQUESTS
FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR
FY 1977

($ Millions)

Major Issue or Program	President's Request BA	President's Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
None					

The President's Budget does not propose any new or expanded program increase for agencies under this Committee's jurisdiction that would require authorization.

C-III. PRESIDENT'S BUDGET REQUESTS FOR
REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING
LEGISLATION FOR FY 1977

COMMERCE AND TRANSPORTATION (400)
AIR TRANSPORTATION (405)

($ Millions)

Legislative Proposal	President's Request BA	President's Request O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Department of Transportation					
Federal Aviation Administration Operations					
21-20-1301-2-1	-478.0	-478.0	403.0 (+881.0)	403.0 (+881.0)	Recommendation rejects President's proposal to fund the costs of operating the Nations's airway system out of receipts of the Airport and Airway Trust Fund.

D-IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FY 1977

COMMERCE AND TRANSPORTATION (400)
GROUND TRANSPORTATION (404)

($ Millions)

Identify Initiative	Budget Authority	Outlays	Comment
Department of Transportation			
H.R. 8235			
Sec. 123: Highways Crossing Federal Projects	100.0	50.0	
Sec. 130: Acceleration of Projects	25.0	10.0	
Sec. 132: Ride Sharing Programs	20.0	20.0	
Sec. 137: Traffic Control Signalization	75.0	12.0	
Sec. 203(c): Rail-Highway Crossings	75.0	15.0	

Committee recommendations on legislative initiatives included in the House version of the Federal-Aid Highway Act of 1976 may have to be revised for necessary changes to reflect the final version of the Act presently being deliberated in Conference with the Senate.

COMMERCE AND TRANSPORTATION (400)
AIR TRANSPORTATION (405)

($ Millions)

Identify Initiative	Budget Authority	Outlays	Comment
Department of Transportation			
Federal Aviation Administration			
Aircraft Noise Abatement Program	50.0	10.0	If enacted, program would authorize funds to initiate an aircraft noise abatement program designed to

provide relief to residents of areas surrounding those air carrier airports which are heavily impacted by aircraft noise.

If enacted, this program would implement the Congressional mandate in the Noise Control Act of 1972 to provide "present and future relief and protection to the public health and welfare from aircraft noise." Such a program if adopted, could be designed to define and clarify the respective Federal, State and local roles in the abatement of aircraft noise as a means of assuring the viability or our air transportation system, while, at the same time, facilitating establishment of airport noise exposure standards to be met by a future date certain, encouraging the creation of local land-use agencies for multi-jurisdiction areas surrounding air carrier airports which are heavily impacted by aircraft noise, and providing for the phased reduction of aircraft source noise. Some Members of the Committee are undecided as to the merit of enacting legislation in this area and are undecided as to the specific provisions and/or remedies which might be included in any proposed legislation. Considerable opposition has been expressed to the SAM retrofit of certain older aircraft which would entail outlays of perhaps over a billion dollars over a four to six year period. Outlays for FY 1977 would be limited to start-up costs.

Identify Initiative	Budget Authority	Outlays	Comment
International Security Charges	3.0	3.0	

H.R. 9771, as passed by the House on December 18, 1976, authorizes appropriations from the Trust Fund not to exceed $3 million for Fiscal Years 1976, 1977 and 1978 for reimbursed security charges for expenses incurred by U.S. air carriers in conducting preflight screening of international passengers as required by P.L. 93-366.

COMUNITY AND REGIONAL DEVELOPMENT (450)
AREA AND REGIONAL DEVELOPMENT (452)

($ Millions)

Identify Initiative	Budget Authority	Outlays	Comment
Department of Commerce			
Economic Development Administration			
(a) Title II (Business Development Loans)	125.0	45.0	

The $200 million in budget authority for Title II is broken down into two components: $75 million currently authorized and $125 million proposed in H.R. 5247, the Public Works Jobs bill vetoed by the President and sustained by the Senate. The Committee intends to extend the current authorization of $75 million for Title II loans as well as reintroduce the new authority contained in H.R. 5247. This new authority will also authorize the Secretary to pay to or on behalf of a private borrower an amount sufficient to reduce up to 4 percentage points the interest paid by such borrower on any loan guaranteed by the Secretary under Section 201.

This interest subsidy provision is to be an anti-recession tool, to be used to aid firms suffering the effects of a recession. This interest subsidy is to be used when no reasonable interest rate is available in the private lending market (or when such interest rates are prohibitively expensive for a firm in need of financial assistance to continue current operations) and the Committee intends to give preference to entities employing less than 1500 people. EDA loans traditionally have aided marginal firms where private borrowing is unavailable or too expensive to provide a firm with a viable loan. The interest subsidy concept can give broader leverage to the money available to the EDA loan program by providing an interest subsidy to a private loan. Thus, EDA would not be burdened with making a loan to a firm but rather by making part of a payment of a loan by a firm. Additionally, loan subsidies can stimulate private borrowing to firms that under the current business climate could not afford the cost of borrowing money for their capital improvements.

The Committee hopes to include this provision in either a compromise jobs bill or the EDA extension bill which the Committee will report out shortly to the Congress.

Identify Initiative	Budget Authority	Outlays	Comment
(b) Title IV (sec. 405)	100.0	80.0	

COMMUNITY AND REGIONAL DEVELOPMENT (450) (Con't.)
AREA AND REGIONAL DEVELOPMENT (452) (Con't.)
Department of Commerce

The Committee recommends that the authorization for Title IV of the Public Works and Economic Development Act be increased by $100 million to permit initial funding of a new urban economic development program. Sec. 405 was added to the bill by H.R. 5247 but the President's veto was sustained. The Committee expects to re-enact this authority in the EDA extension bill.

This will be a major attempt to use the EDA program to preserve and increase job opportunities in older, urban centers. Until now, very few large cities have been designated as eligible for EDA assistance because of the difficulty of collecting accurate unemployment data. This new section will permit easier designation of cities over 50,000 — currently only 24 of the 90 largest cities are eligible for EDA assistance.

We believe this will be the first, most important step in focusing the EDA programs more dramatically upon the strengthening of existing urban communities.

Identify Initiative	Budget Authority	Outlays	Comment
(c) Title X (Job Opportunities Program)	500.0	200.0	

With high unemployment expected to continue, the Committee expects to extend the Job Opportunities Program to expedite job opportunities for the unemployed in areas of high unemployment by authorizing $500 million to extend the program through Fiscal Year 1977. These funds would fund labor-intensive projects for the renovation and repair of public facilities in areas of high unemployment. The object would be to put the unemployed to work on useful public projects in their home communities.

In 1975, the program made funds available to 18 Federal agencies and eight multi-state Regional Commissions. It is estimated by the Department of Commerce that the first appropriation of $125 million produced 27,929 jobs. The remaining appropriation of $375 million produced 72,294 jobs for a total of 100,223 jobs for the $500 million appropriated and allocated under the program. The duration of the average job was 8 months and average cost per job was $5000.

Identify Initiative	Budget Authority	Outlays	Comment
(d) Title IX (Economic Adjustment for deteriorating cities)	25.0	20.0	

COMMUNITY AND REGIONAL DEVELOPMENT (450) (Con't.)
AREA AND REGIONAL DEVELOPMENT (452) (Con't.)
Department of Commerce

The Committee recommends that the program level for the Title IX Economic Adjustment program be increased to the authorization level of $100 million. This program was recommended by the Administration and the first year's results have been very encouraging. Some very innovative approachs to urban economic problems have been developed and we are confident that EDA has the capability to administer this program effectively. The program level should be increased significantly in Fiscal Year 1977 to permit significant implementation of plans now being developed.

E-V. PRESIDENT'S BUDGET REQUESTS
FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FY 1977

NATURAL RESOURCES, ENVIRONMENT AND ENERGY (300)
WATER RESOURCES AND POWER (301)

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Department of Agriculture Soil Conservation Serice					
Watershed Planning 05-78-0166-0-1	10.0	10.9	12.0 (+2.0)	12.5 (+1.6)	Recommendation will permit new planning starts as well as cover increased costs.

The recommended increase of $2 million will permit the initiation of new planning starts at the same rate as in Fiscal Year 1976. The Administration's budget includes no new planning starts. A return to the prior level of planning starts will maintain the watershed program of the Soil Conservation Service at a more effective and efficient level and permit the continued identification and implementation of measures needed to enhance agricultural productivity and related purposes.

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Watershed and Flood Prevention Operations 05-78-1072-0-1	135.3	161.2	155.3 (+20.0)	176.2 (+15.0)	Recommendation includes funds for new starts as well as $10 M to offset the increased costs of ongoing construction caused by inflation.

NATURAL RESOURCES, ENVIRONMENT AND ENERGY (300) (Con't.)
WATER RESOURCES AND POWER (301) (Con't.)
Department of Agriculture (Con't.)

The Administration's budget request contains no funds for new construction starts on watershed soil erosion and flood prevention projects. The recommended increase of $10 million will permit the initiation of a limited number of new starts. Also included is $10 million to meet the increased costs of projects presently under construction.

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Department of Defense-Civil Corps of Engineers					
Flood Control - Miss. etc. 03-10-3112-0-1	191.2	193.7	314.8 (+123.6)	310.7 (+117.0)	Increase is needed to maintain program at reasonable levels.

This project encompasses improvements for flood control and other purposes in the entire alluvial valley of the lower Mississippi River. The requested increase in funding will permit initiation of new planning and construction starts, an increase in the funding levels of work underway, and performance of necessary operation and maintenance activities. The recommended increase represents about one third of the Corps of Engineers' total capability for this project in FY 1977 (the amount of funds that could be effectively utilized if the work were fully funded). The increased funding of operation and maintenance and of ongoing construction will produce immediate employment benefits in the area as well as earlier realization of the benefits which the overall project is designed to achieve. Significant among these benefits is the protection of agricultural lands from flooding, with a resultant significant increase in the production of crops such as soybeans which are of national significance.

NATURAL RESOURCES, ENVIRONMENT AND ENERGY (300) (Con't.)
WATER RESOURCES AND POWER (301) (Con't.)
Department of Defense (Con't.)

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
General Investigations 08-10-3121-0-1-301	64.3	65.0	81.8 (+17.5)	67.0 (+2.0)	Will provide for new planning starts.

The recommended increase will permit initiation of authorized water resources development studies. The Administration's budget request provides for the initiation of five studies. Such a small number of studies does not permit sufficient identification of the nations water resources needs and does not provide a sufficient degree of choice as to how the limited amount of Federal funds shall best be spent for development. The recommended increase would provide a more adequate level of funding of studies and the preparation of authorization reports.

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Construction General 08-10-3122-0-1	1,266.3	1,260.9	1,419.3 (+153.0)	1,365.9 (+105.0)	Additional funding will provide a more efficient level of construction and planning.

The recommended increase in construction funding will permit initiation of preconstruction planning on authorized project and increased funding levels for projects under construction. In the Administration's budget there are only three preconstruction planning starts recommended and funding for projects underway is at a reduced level. This reduced level of funding, if not changed, will result in longer construction periods and hence higher costs for the projects and also a delay in providing the projects benefits to the nation. In addition, increased funding will have an immediate impact in creating additional employment since the projects are already underway. Adding more preconstruction planning starts will continue in the

the future these employment benefits as well as meet identified water resources needs. Without this increased level of preconstruction planning, there will be very few projects ready for construction in coming years. With the additional funding preconstruction planning could be started on as many as 63 projects.

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Operation and Maintainence 28-10-3123-0-1	583.9	586.0	769.0 (+185.1)	700.0 (+114.0)	Increase will enable the Corps to offset some of the increasing backlog of deferred maintainence.

The Administration's budget request does not include adequate funds for reducing an unreasonable backlog of required operation and maintenance which presently amounts to over $300 million. The bulk of this backlog consists of needed dredging and maintenance of facilities. The Committee's recommendation would permit a reduction of this backlog by about two thirds.

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Tennessee Valley Authority					
TVA-Fund-0110 33-15-4110-0-3	121.2	1,049.5	134.4 (13.2)	131.9 (-917.6)	As agreed in connection with the Conference on the 2nd budget resolution for 1976, the Congressional budget will not include budget authority or outlays for the power program but will be limited to those programs financed

NATURAL RESOURCES, ENVIRONMENT AND ENERGY (300) (Con't.)
WATER RESOURCES AND POWER (301) (Con't.)
Tennessee Valley Authority (Con't.)

those programs financed from appropriations of general funds for the non-power programs. This accounts for the large reduction in outlays from the budget.

The recommended increase in budget authority and outlays represents the amount needed to maintain the regional development program of the Tennessee Valley Authority at an optimum level. The budget authority will be used for initiation of development of the Poor Valley Creek Recreation Area in cooperation with the State of Tennsessee along the shores of the Poor Valley Creek embayment of Cherokee Lake; engineering design and initiation of construction of a new lock at Pickwick Landing Dam needed to make this facility compatible with TVA's other navigation facilities; and an increase in the amount available for TVA's abandoned strip-mine reclamation demonstration project. The additional budget authority and outlays of $11.6 million will provide an estimated additional 188,000 man-days of employment, the greater percentage of which would be drawn from the local employment force.

The recommended increase in budget authority and outlays of $1.6 million will enable the Tennessee Valley Authority to continue its research efforts into the conversion of coal into ammonia for use in the production of fertilizer. This program holds particular promise in view of the shortage and expected price increases in natural gas which is now the prime source of ammonia for fertilizer production.

COMMERCE AND TRANSPORTATION (400)
GROUND TRANSPORTATION (404)

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Department of Transporation					
Urban Mass Transportation Administation					
Urban Mass Transportation Fund 21-32-4119-0-3*	655.0	1,585.0	655.0 (0)	1920.0 (+335.0)	The President's Budget places a 50% limitation

on the use of formula grant funds for operating subsidies. The Committee existing law of no limitation without predudice toward a change by the Committee at a later date and at the same time increases the capital Grant Program level by $325M.

The Committee realizes that the formula grant program under section 5 of existing law has no limit as to what part of that program may be used for operating subsidies. The 1975 experience in that program indicated that about 92% was used for operating subsidies. The Committee has therefore assumed in the budget submission that all of this program would probably be used for operating subsidies in 1977.

With respect to the capital assistance program under section 3 of existing law the Committee has assumed that since the President's proposal has indicated one half of the section 5 grants would be for capital improvements that those capital improvements (325 million dollars) should be added to the section 3 Capital Assistance grants proposed for a total Capital Program level of 1.45 billion dollars. These recommendations will result in higher outlays in 1977 than recommended by the President since operating subsidies are liquidated at a faster rate than capital programs.

The President has recommended increased budget authority for transit projects resulting from transfer of Interstate Highway projects in the amount of 655 million dollars. The Committee is opposed to obligation ceilings and recommends that the budget authority amount be available in its entirety.

COMMUNITY AND REGIONAL DEVELOPMENT (450)
AREA AND REGIONAL DEVELOPMENT (452)

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Funds appropriated to the President					
Appalachian Regional Development Programs 04-2-0090-0-1*	363.5	326.5	383.5 (+22.0)	401.5 (+75.9)	Restoration of non-highway program to FY 1976 level

The Committee recommended that the non-highway programs be restored to the 1975 levels, as the Administration has recommended for the highway programs. The hearings held last year clearly showed that theses programs are being effectively utilized and that the State development and investment plans of the Appalachian States can effectively use additional funds in Fiscal '77.

*Committee spending responsiblities.

COMMUNITY AND REGIONAL DEVELOPMENT (450)
AREA AND REGIONAL DEVELOPMENT (452)

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Department of Commerce					
Economic Development Administration					
Administration of Economic Development Assistance Programs 06-10-0125-9-1	25.4	25.1	29.5 (+4.1)	29.5 (+4.4)	Increase staff to reflect new authority and increased spending for EDA programs.

COMMUNITY AND REGIONAL DEVELOPMENT (450) (Con't.)
AREA AND REGIONAL DEVELOPMENT (452) (Con't.)
Department of Commerce (Con't.)

The Committee recommends strongly that the Budget authority for administration of economic development programs be increased to $29.5 million for Fiscal Year 1977. The Administration's Fiscal Year 1977 Budget request would force a sharp cutback in EDA engineering capability and would seriously jeopardize their ability to effectively administer the expanded programs anticipated for Titles I, IX, and X.

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
Regional Development Programs 06-15-2100-0-1	42.2	39.3	142.2 (+100.0)	109.3 (+70.0)	Funding for new authority provided in P.L. 94-188.

The new Regional Development Act of 1975 (P.L. 94-188), was signed by the President on December 31, 1975. This Act increased the authorizations for the Title V Regional Action Planning Commissions and greatly broadens the scope of their program activities by essentially purtting them on a par with the Appalachian Regional Commission. The Act requires that Regional Development Plans be submitted to Congress this summer and the Committee intends to carefully evaluate and review the programs that are developed. We believe that this evaluation will demonstrate that additional funding can be justified for some of the Commissions. In the past, the funding and program levels have been too low for the Commission to produce regionally-significant impact projecte — but in anticipation of sound new initiatives, it is recommended that the program level be increased $100 million for Fiscal Year 1977.

GENERAL GOVERNMENT (800)
GENERAL PROPERTY AND RECORDS MANAGEMENT (804)

($ Millions)

Major Issue or Program	Budget Estimate BA	Budget Estimate O	Committee Recommendation BA (Diff.)	Committee Recommendation O (Diff.)	Comment
General Services Administration.					
Federal Buildings Fund 23-05-4542-0-4	0	-10.0		14.3 (+24.3)	The Committee has recommended an increase in direct federal construction and major repair and alterations for FY 77. The Administrations budget reflects a $10 million dollar surplus in the Federal buildings fund which consists of construction, repair and alteration, purchase contract payments, rental of space, real property operations, program direction (peronnel, travel, supplies, etc.). The total of which would be less than the Federal government will receive in the standard level user charges in accordance with P.L. 92-313. The Committee recommendation of the increased activity in federal construction and repair and alteration will result in outlays exceeding SLUC income by $14 million dollars.

68-249 O - 76 - 32

GENERAL GOVERNMENT (800) (Con't.)
GENERAL PROPERTY AND RECORDS (Con't.)
MANAGEMENT (804) (Con't.)
General Services Administration

Detail of changes in Buildings Fund:

Direct Federal Construction	28.1	39.2	134.6 (+106.5)	61.9 (+22.7)	Detailed Lists Follow
Repair and Alteration	60.7	73.2	66.8 (+6.1)	74.8 (+1.6)	

The Committee recommends an increase of $106.5 million in direct federal construction and an increase of $6.1 million in repair and alterations. There is currently over a $1 billion dollar backlog of projects that are currently pending before the Congress or to be submitted by the Administration shortly. In order to avoid the previous experience of the 1950's and again in 1972 which prompted the purchase contract method of construction which is more expensive than direct federal construction, the Committee recommends that the Congress adopt a more ambitious program to alleviate this backlog. In addition, the Committee recomendation will help alleviate and modify the growing problem of national enemployment that we as a Nation face, stimulate activity in the Nation's economy and help assist a financially troubled major industry.

NEW CONSTRUCTION

San Jose, CA FB/CT/po	27,889,0009
Chamblee, GA IRS Center (Extension)	15,348,000
Savannah, GA FB	16,918,000
Covington, KY IRS Center (Extension)	5,585,000
Vicksburg, Miss. FB	12,433,000
Vicksburg, Miss. PO/CT	832,000
Jefferson City, MO FB	7,000,000
Altoona, PA FB	6,000,000
Rock Springs, WY FB/CT	8,500,000
Texarkana, Texas FB	6,000,00
SUBTOTAL - Committee Proposal	$106,500,000

NEW CONSTRUCTION (Con't.)

Los Angeles, CA Parking	5,665,000
East St. Lous, Ill. FB	5,365,000
Blaine, Wash. Borden Sta.	3,159,000
Madison, Wis. CT	5,778,000
Conversions:	
Atlanta, GA. PO/CT	1,830,000
Augusta, GA PO/CT	803,000
Carryover	2,867,000
SUBTOTAL - President's Budget	$28,100,000
TOTAL	$134,600,000

ALTERATIONS

Chicago 536 S. Clark	$1,253,700
Columbus, Ohio FB, 85 Marconi St.	2,900,100
Portland, Oregon CV, 220 N. W. 8th Avenue	1,344,100
Kansas City, MO FB, 601 E. 12th St.	575,000
SUBTOTAL - Committee Proposal	$6,072,900
President's Budget	$60,700,000
TOTAL	$66,772,900

5. GENERAL COMMENTS

A. CONGRESSIONAL IMPOUNDMENTS

Section 401 (d) (B) of the "Congressional Budget Act of 1974" (PL 93-344) sets forth requirements that new spending authority must be provided in appropriation acts with a specific exception which provides that the Act will not apply to new spending authority if the budget authority for outlays is derived from any trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1934.

The reason for this specific exclusion from the budgetary control process is the fact that when these taxes were imposed upon the users of specific services, a part of legislative history provided a covenant with the payees that the proceeds would be dedicated exclusively for these purposes. The committee, therefore, views with alarm the obligation ceilings that were imposed upon the Highway and Airport Trust Funds with the enactment of "Department of Transportation and Related Agencies Appropriations Act of 1976".

The illegal impoundments imposed upon funds authorized to be appropriated from the Highway Trust Fund by the executive branch in prior years placed Congress in an extraordinary situation in attempting to deal with budget authority for the Highway Trust Fund during fiscal year 1976. It should be noted that the revenues going into the Airport and Airway Development Trust Fund have in the past substantially exceeded expenditures and received obligational ceilings. However, the Committee feels very strongly that in keeping with the spirit of the Congressional Budget and Impoundment Control Act of 1974 no obligational ceiling should be placed upon expenditures from these Trust Funds less than the amount authorized by the Committee.

B. CHANGES IN FUNCTIONAL CLASSIFICATIONS FOR THE 1978 BUDGET

The functional classifications included in the President's budget in the past have been used largely by the Executive Branch to highlight the changes in legislated programs with Congress having only limited interest in their composition. The passage of the Budgetary and Impoundment Control Act of 1975 has changed this situation, since the functional classifications will represent the principal means by which Congress will debate and establish its priorities for budget expenditures in the concurrent budget resolutions.

In order to make the functional classifications more useful to the Congress in debating and establishing priorities, the House Budget Committee has proposed revisions in the functional classifications to be used in the 1978 budget.

The major functional changes effecting the Public Works and Transportation Committee are summarized below:

Natural Resouces and Evironment

The energy subfunction has been transferred to a new function which will include all other energy programs, and the construction/operation/maintenance of waterways has been transferred to a new function transportation and included in the subfunction water transportation. The other subfunctions within this function which are of direct interest to the Public Works and Transportation Committee such as Water Resources and Power and Pollution Control and abatement have not been changed.

Transportation

This is a new function and will include ground transportation, air transportation, and water transportation. Each of these forms of transportation are identified as subfunctions with this function.

Housing and Community Development

This was formerly called Community and Regional Development and a more logical grouping of subfunctions has been devised. A separate subfunction is provided for area and regional development programs to which the job opportunities program has been added. This is the subfunction which includes the Appalachian Redevelopment Programs and the activities carried on under the Public Works and Development Act.

The Agriculture Departments, Community Services Administration, together with the Department's Area and Regional Development has been incorporated in a subfunction, "Rural Housing and Development".

Recommendation

We believe that the changes proposed by the Budget Committee will make the functional classifications more useful to the Congress and the Public Works and Transportation Committee since it simplifies and clarifies the functions for which the Committee has legislative responsibility. This revised functional classification should also better serve the Congress as a means of focusing Congressional and public attention on major areas of national priority.

C. THE CONGRESSIONAL BUDGET PROCESS

The Public Works and Transportation Committee believes that in the light of our experience in dealing with the 1977 budget, steps should be promptly taken to evaluate this experience for the purpose of simplifying the procedure for compiling the material required from the legislative Committees for use in the preparation of the first budget resolution.

We suggest that the Budget Committee working with C.B.O. and the G.A.O.. establish a task force to conduct the above evaluations and explore alternative procedures. The task force should also evaluate the experience of each legislative Committee and should identify the practices and procedures followed by some that would be beneficial (if known) to other Committees. There should be some means of providing a cross fertilization of the best budgetary practices among the Committees.

REPORT OF THE COMMITTEE ON SCIENCE AND TECHNOLOGY

COMMITTEE ON SCIENCE AND TECHNOLOGY,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., March 15, 1976.

Hon. BROCK ADAMS,
Chairman, Committee on the Budget,
U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to your letter of instructions dated February 6, 1976, and other related correspondence, there is transmitted herewith this Committee's report of budget estimates required by the Congressional Budget Act of 1974.

The formats suggested in your instructions have been followed to the extent possible in the preparation of our report. Some difficulty was encountered in the identification of specific accounts assigned to this Committee in the instructions prescribed for format V. All readily identifiable functions have been included.

This Committee is not prepared to comment on tax expenditures serving purposes similar to direct expenditure programs. While there may be some direct relationship between tax expenditures and budgetary functions and subfunctions falling within the purview of this Committee, matters of this nature are normally not considered during the authorization process unless specifically highlighted in the annual authorization requests from the various agencies. This Committee assumes that tax expenditure legislation, including that related to programs subject to annual authorization, is a function of the Ways and Means Committee.

With regard to budget authority and outlays for the Transition Quarter, no data has been included in the attached report. The President's budget includes no new initiatives for those programs falling within our jurisdiction, and the Committee does not recommend any legislative initiatives for the period in question.

Regarding your inquiry concerning the printing and distribution of data contained in the attached report, this Committee would interpose no objection to such action.

I trust that the attached data will meet your needs concerning the legislative activities of this Committee. We are prepared to provide any additional data or information which may be required to assist in your compilations and further deliberations on this matter.

Sincerely,

OLIN E. TEAGUE, *Chairman.*

Enclosure.

COMMITTEE ON SCIENCE AND TECHNOLOGY

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
General science, space, and technology (250):					
National Science Foundation, salaries and expenses, 31-45-0100-0-1-251.	796.0	728.0	795.0 (−1.0)	728.0 (0)	Continuation of programs to support basic and applied research and science education. Of the $728,000,000 outlay, $194,000,000 is applicable to fiscal year 1977 new budget authority. (Committee recommendation is based upon a $9,000,000 reduction in basic research; a $9,000,000 increase in science education; and a $1,000,000 reduction in research applied to national needs.)
Scientific activities (special foreign currency program, 31-45-0102-0-1-251).	6.0	6.0	6.0 (0)	6.0 (0)	Continuation of programs to support scientific activities abroad and to support the translation of foreign research reports.
National resources, environment, and energy (300):					
Environmental Protection Agency, energy research and development, 20-00-0109-0-1-305.	95.2	98.0	96.4 (+1.2)	98.0 (0)	Continuation of research and development programs in support of EPA's regulatory and enforcement program. Increases are primarily in health and ecological effects research. Of the totals shown, outlays attributable to fiscal year 1977 in President's request are $8,000,000 and outlays in committee recommendation attributable to fiscal year 1977 budget authority total $90,000,000. Recommendations are based upon subcommittee actions which are subject to full Committee consideration.
Research and development, 20-00-0107-0-1-304.	144.7	161.0	160.1 (+15.4)	168.0 (+7.0)	
Total	239.9	259.0	256.5	266.0	Note: Action on fiscal year 1976 EPA R. & D. authorization still pending in Senate.
Community and regional development (450):					
National Fire Prevention and Control Administration, operations, research and administration, 06-49-0800-0-1-451.	10.0	8.0	21.0 (+11.0)	19.0 (+11.0)	This legislation will extend the authorization granted pursuant to the Federal Fire Prevention and Control Act of 1974 to the National Fire Prevention and Control Administration and the fire research center through fiscal years 1977 and 1978. Increase reflected in committee recommendation is to permit more rapid program growth than envisioned in the President's request. Budget authority and outlays reflect only that proposed for fiscal year 1977. New budget authority included in the legislation for fiscal year 1978 totals $26,000,000.
Multifunction accounts (999):					
Energy Research and Development Administration (ERDA):					
Operating expenses, 19-00-0100-0-1-999 (split jurisdiction, Joint Atomic Energy).	1,307.6	1,216.4	1,561.7 (+254.1)	1,433.9 (+217.5)	This legislation will provide for the continuing nonnuclear operations and research and development in support of the national energy program. Increases in solar, geothermal, and fossil energy research, conservation, basic energy sciences, program support are recommended. These increases are based on subcommittee recommendations and are subject to consideration by the full committee.
Plant and capital equipment, 19-00-0103-0-1-999 (split jurisdiction, Joint Atomic Energy).	115.8	71.9	151.6 (+35.8)	95.9 (+24.0)	This account provides for the capital plant and equipment necessary to support the energy research and development program. Increases include the addition of 2 demonstration plants (initial increment) in support of fossil fuel research and construction in support of the environmental research and safety program. Budget authority and outlays are based

					on subcommittee recommendations and are subject to consideration by the full Committee as well as joint consideration with the Joint Committee on Atomic Energy.
National Aeronautics and Space Administration:					
Research and Development programs	2,758.9	2,736.3	2,768.5 (+9.6)	2,740.7 (+4.4)	Continuation of space research and development and associated supporting science and technology activity.
NASA, aeronautics 400-405	[189.1]	[177.0]	[192.1] (+3.0)	[178.0] (+1.0)	[Continuation of aeronautics research and development].
Construction of facilities	124.0	125.7	117.1 (−6.9)	125.0 (−0.7)	Continuation of facilities planning, design and construction in support of research and development programs.
NASA, aeronautics, 400-405	[29.0]	[16.0]	[29.0] (0)	[16.0] (0)	[Continuation of facilities efforts in support of aeronautics].
Research and program management	814.1	814.0	810.5 (−3.6)	810.8 (−3.2)	Continuation of supporting activities required to operate the NASA research and development centers including salaries, administrative and support services.
NASA, aeronautics, 400-405	[146.2]	[146.2]	[146.2] (0)	[146.2] (0)	[Continuation of supporting activity for aeronautics].
The following breakdown is provided pursuant to request by the House Budget Committee:					
(253 Manned Space Flight: National Aeronautics and Space Administration).	1,890.9	1,864.8	1,876.2 (−14.7)	1,857.2 (−7.6)	Included in above estimates.
(254 space science, applications and technology: National Aeronautics and Space Administration).	1,086.9	1,124.	1,101.2 (+14.3)	1,134.1 (+9.4)	Do.
(255 supporting space activities: National Aeronautics and Space Administration).	354.8	347.3	351.3 (−3.5)	345.0 (−2.3)	Do.

II. PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

Negative report.

III. PRESIDENT'S BUDGET REQUESTS FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION

ADMINISTRATIVE REDUCTION

General Science, Space, and Technology (250):					
National Science Foundation, salaries and expenses, scientific activities, 31-45-0100-0-1-251, 31-45-0102-0-1-251.	19.0	18.0	19.0 (0.0)	18.0 (0.0)	Improved grant management of science education programs. This is a Presidential administrative reduction in the fiscal year 1976 level of effort and it is understood to have been incorporated in the fiscal year 1977 budget submission. The committee concurs.

LEGISLATIVE REDUCTION

National Aeronautics and Space Administration, automatic (rescission of authorization).	(36.5)		(36.5)		Public Law 88-113, sec. 6 modified sec. 308 of the National Aeronautics and Space Act of 1958 to automatically rescind unfunded authorization of funds 3 yrs following such authorization. The amount shown is the unfunded authorization upcoming for fiscal year 1973.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In millions of dollars]

Identify initiative	Budget authority	Outlays	Comment
H.R. 8800—The Electric Vehicle Research and Development Act of 1975.	25.0	6.0	Legislation has passed the House and remains pending in the Senate. This provides for a program of research and development in electric vehicles. The amount shown for budget authority includes $15,000,000 for loan guarantees based upon an estimated default ratio of 1:4 in fiscal year 1977. Subject to Senate action and conference.
H.R. 9174—The Automotive Transport Research and Development Act (and related bills).	60.0	30.0	Legislation is to authorize a program of research, development and demonstration designed to promote electric vehicles technologies and to demonstrate the commercial feasibility of electric vehicles subject to hearings, legislative findings and report prior to May 15, 1976.
H.R. 8494—The Industrial Energy Conservation Act of 1975 (and related bills).	185.0	35.0	Legislation is to establish a system of research and development of energy-conserving industrial technologies with due regard for the need to operate such a system in a manner which will stimulate depressed sectors of the American economy. Subject to hearings, legislative findings and report prior to May 15, 1976. The amount shown for budget authority includes $125,000,000 for loan guarantees based upon an estimated default ratio of 1:4 in fiscal year 1977.
H.R. 11091—The Energy Extension Service Act of 1975 (and related bills).	(1)	(1)	This legislation will establish in ERDA an energy extension service to develop, demonstrate, and analyze energy conservation opportunities, and to develop programs to encourage acceptance and adoption of energy conservation opportunities by energy consumers. Subject to hearings, legislative findings and report prior to May 15, 1976.
H.R. 11333—The Outer Continental Shelf Act (referred jointly to Interior Committee).	(2)	(2)	This legislation is to authorize a program of every research, development, and demonstration to assist in the exploration and development of oil and gas on the Outer Continental Shelf, and for other purposes. Measure is now under consideration by the Committee.
H.R. 12112—Energy Loan Guarantee Act	503.0	3.0	This legislation will provide additional assistance to the Energy Research and Development Administration for the advancement of nonnuclear energy research, development, and demonstration. The bill provides that outstanding indebtedness guaranteed and committed to be guaranteed shall at no t me exceed $2,000,000,000. Estimates are based upon an estimated default ratio of 1:4. Legislation subject to hearings, legislative findings and report prior to May 15, 1976.
H.R. 10488—Solid Waste Energy and Resource Recovery Act of 1975. (Referred jointly to Commerce Committee.)	70.0	18.0	This legislation will amend the Solid Waste Disposal Act to encourage research, development, and implementation of energy and resource recovery from solid waste, and for other purposes. Legislation is subject to hearings, legislative findings and report by May 15, 1976.
Office of Science and Technology Policy, (Executive Office of President), salaries and expenses.	3.1	2.9	This Office is not yet in being but is the subject of House-Senate conference as of mid-March. Authorization figures used above are estimates in the House and Senate versions respectively. Budget authority and outlay figures are based on the stated spending-level intent of the Administration in the event the Office and its 2-yr survey committee materialize as expected.

[1] Will be combined with H.R. 8494. Budget authority and budget outlays included in H.R. 8494.

[2] No specific authorization amount included, but may generate some expenditures.

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
General Science, Space, and Technology:					
National Aeronautics and Space Administration, miscellaneous trust fund, 27-00-9999-0-7-255, (supporting space activities).	0.1	2.1	0.1 (0)	2.1 (0)	Account provides for holding funds provided by foreign entities for payments which are reimbursable to NASA under cooperating agreements. This account being phased out and replaced by 2 treasury deposit accounts for foreign and domestic reimbursable transactions respectively.
National Science Foundation donations, 31-45-8960-0-7-251.	3.0	1.0	3.0 (0)	1.0 (0)	This is a trust fund which provides for gifts and donations for general operations of NSF; and for receiving, holding and disbursing funds provided by foreign governments for payments which are reimbursable under cooperative agreements. The committee concurs in the estimates.
Consolidated working fund, 31-45-3900-0-4-251.	0	—.7	0 (0)	—.7 (0)	This is an intergovernmental fund through which the NFS grantees and contractors conduct research for other Federal agencies on a reimbursable basis. The committee concurs in the estimates.
Office of Technology Assessment, annual appropriations, salaries and expenses.	8.5	8.3	----------	----------	The committee has no authorizing or oversight jurisdiction over OTA—only legislative jurisdiction—since OTA is governed by a joint congressional board.
National Resources, Environment and Energy:					
Department of Commerce (NOAA), miscellaneous trust funds, 06-48-9998-0-7-306, special studies.	4.7	3.4	4.7 (0)	3.4 (0)	Authorized Public Law 91-412. No new authorization required. Fund results from sale of charts. Proceeds are used by NOAA for the production and sale of aeronautical and nautical charts. The committee concurs in the President's proposal.
Agricultural research	1.3	1.2	1.3 (0)	1.2 (0)	Authorized by Public Law 79-733. No new authorization required. Program involves inspection and grading of fish products. Fees for inspection are used to defray costs of salaries and expenses of inspection teams. The committee concurs in the President's proposal.
Energy Research and Development Administration, advances for cooperative work, coal research.	10.0	10.0	10.0 (0)	10.0 (0)	Authorized by Public Law 86-599. Account was reviewed in conjunction with the fiscal year 1977 ERDA authorization bill. No committee action taken. The committee concurs in the estimate.
Geothermal Energy Research, Development and Demonstration Act of 1974, 19-00-0105-0-1-305.	50.0	4.4	50.0	4.4	Authorized by Public Law 93-410. Not reviewed by committee this year, except in conjunction with fiscal year 1977 ERDA authorization bill.

REPORT OF THE COMMITTEE ON SMALL BUSINESS

House of Representatives,
Committee on Small Business,
Washington, D.C., March 10, 1976.

Hon. Brock Adams,
Chairman, Committee on the Budget, U.S. House of Representatives, Washington, D.C.

Dear Mr. Chairman: Pursuant to Rule X, Clause 4(g) of the Rules of the House of Representatives, I am pleased to submit the following report which represents the views and estimates of this Committee to be set forth in the current resolution on the budget for fiscal year 1976 for the Small Business Administration.

This matter was considered by the Subcommittee on March 3, 1976 and a unanimous recommendation forwarded to the full Committee.

The full Committee on March 9, 1976 accepted and unanimously adopted the following recommendations:

1. that for FY 1977 additional budget authority (over that recommended by the President) of $350.4 million should be provided for the Small Business Administration under Commerce and Transportation (403) for the Business Loan and Investment Fund and the Lease Guarantees Fund, primarily to provide for additional direct loans. The Committee estimates that this will result in additional outlays of $250.5 million;

2. that for FY 1977 additional budget authority (over that recommended by the President) of $43.8 million should be provided for the Small Business Administration under Community and Regional Development (453) for the Disaster Loan Fund to provide for additional direct loans. We estimate that this will result in additional outlays of $23 million.

With kindest regards and best wishes, I am

Very sincerely yours,

Joe L. Evins, *Chairman.*

REPORT OF THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

U.S. House of Representatives,
Committee on Standards of Official Conduct,
Washington, D.C., February 17, 1976.

Hon. Brock Adams,
Chairman, Committee on the Budget, House of Representatives, Washington, D.C.

Dear Mr. Chairman: Pursuant to your letter of 6 February 1976 and Section 301 of the Congressional Budget Act of 1974, the following is the March 15, 1976 report of this Committee, submitted on the sample forms provided by you showing:

Format I—None.
Format II—None.
Format III—None.
Format IV—Initiative—lobbying and financial disclosure. Budget Authority—less than $1 Million. Outlays—less than $1 Million. Comment—actual outlay will depend on scope of legislation passed.
Format V—None.

Sincerely,

John J. Flynt, Jr.,
Chairman.

Enclosures.

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
None.					

II. PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
None.					

III. PRESIDENT'S BUDGET REQUESTS FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
None. Committee comment on administrative proposal: None.					

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In millions of dollars]

Identify initiative	Budget authority	Outlays	Comment
Lobbying disclosure Financial disclosure	Estimated less than $1,000,000.	Actual outlay would depend on the scope of any bills on these subjects finally enacted.	

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

	President's request		Committee recommendation		
Major issue or program	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	Comment
None.					
None.					
None.					

DEMOCRATS
Ray Roberts, Tex.
Olin E. Teague, Tex.
David E. Satterfield III, Va.
Don Edwards, Calif.
G. V. (Sonny) Montgomery, Miss.
Charles J. Carney, Ohio
George E. Danielson, Calif.
Lester L. Wolff, N.Y.
Jack Brinkley, Ga.
Ronald M. Mottl, Ohio
Robert J. Cornell, Wis.
W. G. (Bill) Hefner, N.C.
Mark W. Hannaford, Calif.
Edward P. Beard, R.I.
Robert W. Edgar, Pa.
Timothy E. Wirth, Colo.
Kenneth L. Holland, S.C.
Matthew F. McHugh, N.Y.
Clifford Allen, Tenn.

Oliver E. Meadows, *Staff Director*

COMMITTEE ON VETERANS' AFFAIRS

House of Representatives

RAY ROBERTS, *Chairman*

94th CONGRESS

REPUBLICANS
John Paul Hammerschmidt, Ark.
Margaret M. Heckler, Mass.
Chalmers P. Wylie, Ohio
Elwood Hillis, Ind.
James Abdnor, S. Dak.
William F. Walsh, N.Y.
Tennyson Guyer, Ohio
George Hansen, Idaho
George M. O'Brien, Ill.

REPORT TO THE COMMITTEE ON THE BUDGET

FROM

THE COMMITTEE ON VETERANS' AFFAIRS

SUBMITTED PURSUANT TO SECTION 301 OF THE

CONGRESSIONAL BUDGET ACT OF 1974

ON THE

BUDGET PROPOSED FOR FISCAL YEAR 1977

MARCH 15, 1976

(503)

TABLE OF CONTENTS

	Page
Highlights of President's Fiscal Year 1977 Budget	3
President's Proposed Legislative Program	3
President's Budget Requests for Existing Programs Which Require Reenactment or Modification of Authorizing Legislation, Fiscal Year 1977	5
President's Budget Requests for New and Expanded Programs, Fiscal Year 1977	6
President's Budget Requests for Reduction in Existing Programs Which Require Amendment of Authorizing Legislation, Fiscal Year 1977	6
Legislative Initiatives of Congress, Fiscal Year 1977	9
President's Budget Requests for Existing Programs Which Do Not Require Authorizing Legislation, Fiscal Year 1977	20
Budget Authority and Outlays, by Function, Subfunction, and Authorization for Programs Under Jurisdiction of the House and Senate Veterans' Affairs Committee	23

REPORT OF THE COMMITTEE ON VETERANS' AFFAIRS ON BUDGET MATTERS UNDER ITS JURISDICTION

The Committee on Veterans' Affairs is submitting this report on estimates of budget matters under its jurisdiction pursuant to section 301(c) of the Congressional Budget and Impoundment Control Act of 1974. This report is based on the best information that is now available to the committee. It is hoped that the report will be helpful to the House Committee on the Budget in preparing its budget targets for the first concurrent resolution.

In 10 years—1968 to 1977—appropriations for veterans' benefits and services have increased over $11.4 billion, or 170 percent. Average employment has increased 49,820, of which 43,506 has been for the Department of Medicine and Surgery.

Much of the increased spending is attributable to the rise in veteran population which grew from 25.8 million in 1967 to 29.5 million in 1975 (an increase of 14.3 percent). Another major factor is the granting of cost-of-living increases by the Congress, which generated compensatory increases in nearly all benefit levels. Also, the scope and quality of veterans' benefits were increased during the period with the enactment of new legislation—including the enactment of a post-Korean GI bill for education and training, the latest increase of 22.7 percent in these benefits, and the liberalization of VA medical benefits.

The state of the economy has great impact on veterans' benefits. Continuing inflation increases demand for compensatory legislation to raise benefits for compensation, pension, GI benefits, etc. The committee believes that these benefits should not be eroded in purchasing power. Unemployment is also an important factor in compensation, pension, and education and training benefits. There is no question that the slowdown in the economy during the past 3 years has increased the workloads in these benefit programs.

The programs under the committee's jurisdiction are in the Veterans' Administration and are broken down into several subfunctional classifications. The functions that are included in the Veterans' Administration budget are as follows:

VETERANS BENEFITS AND SERVICES

[In thousands of dollars]

Function and program	Budget authority				Outlays			
	1975	1976	19TQ	1977	1975	1976	19TQ	1977
701: Income security for veterans:								
Compensation and pensions:								
Service-connected compensation	4,654,449	5,154,910	1,299,494	5,199,951	4,679,956	5,113,772	1,306,454	5,219,936
Non-Service-connected pensions	2,724,136	2,921,572	783,374	2,771,691	2,739,065	2,914,093	783,196	2,770,824
Other veterans benefits and services	160,815	172,718	56,832	181,758	161,686	172,739	56,250	181,640
Proposed legislation			−21,000	−85,000			−21,000	−85,000
Insurance programs:								
Veterans insurance and indemnities	8,750	6,600	2,450	7,000	9,055	6,100	2,400	7,800
Service-disabled veterans insurance fund					−1,161	1,600	200	−100
Veterans reopened insurance fund					−32,387	−32,400	−8,400	−32,000
Servicemen's group life insurance fund					2,624			
National service life insurance	835,070	865,700	231,700	933,700	730,760	654,700	115,000	682,300
U.S. Government life insurance	37,679	37,900	9,600	36,600	85,695	73,500	14,000	68,100
Veterans special life insurance					−41,257	−42,200	−12,500	−45,200
NSLI and USGLI receipts	−473,879	−478,820	−124,206	−510,162	−473,879	−478,820	−124,206	−510,162
Subtotal, income security for veterans	7,947,021	8,680,580	2,238,244	8,535,538	7,860,157	8,383,084	2,111,394	8,258,138
702: Veterans education, training, and rehabilitation:								
Readjustment benefits	4,476,229	6,214,475	1,159,472	4,873,000	4,591,079	6,020,375	1,142,472	4,955,000
Proposed legislation			−68,300	−712,500			−68,300	−712,500
Education loan fund	74,509				1,402	2,729	1,164	2,110
Vocational rehabilitation revolving fund	97	100			86	100		
Subtotal, education, training, and rehabilitation	4,550,835	6,214,575	1,091,172	4,160,500	4,592,568	6,023,204	1,075,336	4,244,610

68-249 O - 76 - 33

VETERANS BENEFITS AND SERVICES—Continued

[In thousands of dollars]

Function and program	Budget authority				Outlays			
	1975	1976	19TQ	1977	1975	1976	19TQ	1977
703: Hospital and medical care for veterans:								
Medical care	3,317,520	3,864,456	1,015,070	4,172,232	3,405,059	3,769,031	935,859	4,161,707
Proposed legislation			−30,000	−130,000			−30,000	−130,000
Medical and prosthetic research	91,377	97,356	25,544	97,433	93,196	97,257	25,471	97,433
Medical administration and miscellaneous operating expenses	37,508	39,579	10,604	39,941	36,187	40,035	10,452	39,941
Construction of hospital and domiciliary facilities					12,728	7,803	1,203	
Construction, major projects	251,127	297,464	15,860	117,531	67,913	99,498	46,034	197,000
Construction, minor projects	51,894	106,895	16,660	93,061	38,251	78,388	25,754	105,592
Grants for construction of State extended care facilities	9,700	10,000		10,000	3,441	5,638	1,400	5,217
Grants to the Republic of the Philippines	2,050	2,100	525	2,100	1,975	2,150	525	2,100
Assistance for health manpower training institutions	10,000	30,000	8,332	35,000	5,937	42,476	9,084	42,000
Subtotal, hospital and medical care for veterans	3,771,176	4,447,850	1,062,595	4,437,298	3,664,689	4,142,276	1,025,782	4,520,990
704: Veterans housing:								
Loan guaranty revolving fund	1,828				71,555	5,000	50,000	−161,000
Direct loan revolving fund					−41,447	−101,000	−19,000	−210,000
Subtotal, veterans housing	1,828				30,107	−96,000	31,000	−371,000
705: Other veterans benefits and services:								
General operating expenses	432,028	487,600	121,230	512,883	444,566	484,083	113,496	512,447
Canteen service revolving fund					−304	−1,350	−200	−1,650
Supply fund	20,000	39,001			−17,929	78,621	600	9,400
Consolidated working fund					−573			
General post fund	4,001	4,250	1,037	4,500	3,873	4,100	1,150	4,350
Grants for construction and operation of State cemeteries—Proposed legislation				5,000				4,000
Subtotal, other veterans benefits and services	456,029	530,851	122,267	522,383	429,633	565,454	115,046	528,547
Deduction for offsetting receipts	−2,145	−2,145	−537	−2,145	−2,145	−2,145	−537	−2,145
Total Veterans' Administration	16,724,744	19,871,711	4,513,741	17,653,574	16,575,008	19,015,873	4,358,021	17,179,140

Note.—Excludes veterans support programs of other agencies: Department of Defense-Civil: Cemeterial expenses, Army; Soldiers' and Airmen's Home; Department of Housing and Urban Development; Department of the Treasury; and American Battle Monuments Commission.

Outlays in the President's 1977 budget are estimated to be $17.2 billion. This represents a $1.8 billion decrease from outlays in 1976. Of the 1977 spending total, income security accounts for $8.3 billion—down $125 million; hospital and medical care $4.5 billion—up $379 million, and education and training $4.2 billion—down $1.8 billion.

It should be noted that original budget estimates for income security and for education and training benefits have consistently been substantially lower than the amount ultimately spent. These differences have ranged from $49 million in 1972 to $700 million in 1974, with a discrepancy of at least $125 million for fiscal year 1976. Underestimates of GI bill costs will require an $800 million supplemental appropriation in 1976 and $120 million for the transitional quarter.

Income Security

Most of the projected decrease in outlays for income security is attributed to an anticipated social security cost-of-living increase of 7.1 percent, effective July 1, 1976, and to the passage of Public Law 94–169, which provided an "interim" 8-percent cost-of-living increase and a $300 increase in income limitations from January 1, 1976, through September 30, 1976 for those drawing pension for non-service-connected disabilities and those dependent parents drawing DIC benefits. The "interim measure" came about as a result of action by the Senate. The committee expects to continue the 8-percent cost-of-living increase beyond the September 30 date, and if, in fact, the cost of living continues to escalate, the committee is expected to consider an additional increase to offset to a major degree the adverse impact of such increase for those drawing pensions. The President's budget did not include a continuation of the 8-percent cost-of-living increase beyond the September 30 date, nor did it include any additional increase to offset the expected cost-of-living increase during this calendar year.

The President's budget did not include a cost-of-living increase in compensation and DIC rates for service-connected disabled veterans and their survivors. The committee expects to consider such increase this year to become effective October 1, 1976.

The President also intends to propose legislation to reduce burial benefits at a cost savings of some $85 million. The committee is not expected to support this proposal.

Therefore committee estimated outlays in 1977 for income security for veterans is about $1.2 billion higher than those projected in the President's budget.

Readjustment Benefits

The President's budget shows a decrease in outlays for readjustment benefits of $1.8 billion. According to the VA, with no change in existing legislation an estimated 563,000 fewer beneficiaries would be trained in 1977 than in 1976, reflecting the decline in active duty force levels with the end of the Vietnam conflict.

Also, due to the May 31, 1976 expiration of the delimiting period for 4.1 million veterans separated from the military prior to enactment of the current program, the number of trainees is expected to decline by over 15 percent in fiscal year 1977. Proposed legislation reflected in the budget would reduce training loads by an additional 367,000. This decline is based upon anticipated enactment of legislation to repeal the 2-year extension of the eligibility delimiting date provided by Public Law 93–337. This legislative proposal is estimated to save $623.5 million in fiscal year 1977. The committee is not expected to approve such proposal.

Additional legislative proposals of the President include termination of eligibility for the GI bill, estimated to save some $25.1 million; the elimination of correspondence and flight training with savings of $35 million, and termination of the PREP program, at an estimated savings of $28.9 million. Thus, of the $1.8 billion decrease in outlays for readjustment benefits in 1977, $712.5 million is due to proposed legislation, most of which is not acceptable to the committee.

Although H.R. 9576, passed by the House last session, would terminate eligibility for the GI bill after December 31, 1975, the President has recommended a termination date of July 1, 1976, and the committee is expected to agree with that date since the Senate has failed to report a bill. The committee would not favor a retroactive termination date.

The committee has some doubts as to the equity in eliminating the correspondence and flight training programs at this late date as recommended by the President.

H.R. 9576 would also provide 45 months of education benefits to all eligible veterans. This provision would require approximately $125 million in additional outlays in 1977, although some of the costs would be offset by the cost-saving provisions in the bill. The President is opposed to this provision of the bill.

The committee is also expected to consider an increase in the education and training allowance, in line with that provided for compensation and pension beneficiaries. Such increase is expected to require an additional $390 million in outlays for fiscal year 1977.

Considering the differences between what the President has recommended in his budget and the congressional initiatives of the committee, outlays in 1977 for readjustment benefits will probably exceed the President's estimates by some $1.1 billion.

Medical Care

The committee's comments pertaining to the President's recommended funding levels for medical care and hospital construction appear beginning on page 20.

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

	President's request		*Committee recommendation*		
Major issue or program	*Budget authority*	*Outlays*	*Budget authority (difference)*	*Outlays (difference)*	*Comment*
None.	$0.0	$0.0	$0.0	$0.0	None

II. PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Legislative proposal	President's request		Committee recommendation		
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
(705) Other veterans benefits and services:					
Grants for construction and operation of State cemeteries: H.R. 5803 would authorize a 50–50 Federal grant program with State governments for the construction, improvement, and maintenance of veterans' cemeteries.	$5.0	$4.0	$1.0 (−4)	$1.0 (−3)	The committee will report a bill in lieu of the President's proposal.

Comment

Under existing law, in addition to the amount of $250 payable for burial or funeral expenses of an eligible veteran, the Administrator may pay a sum not exceeding $150 as a plot or interment allowance if the veteran is not buried in a national cemetery or other cemetery under jurisdiction of the United States. If any part of the plot or interment expense has been paid or assumed by a State, State agency or political subdivision of a State, or the employer of the deceased veteran, the Administrator may not pay as a plot or interment allowance any more than the difference between the entire expenses incurred and the amount paid or assumed by any such entity. Also, such payment may not exceed $150.

On March 11, the full committee ordered reported H.R. 12115. The bill would authorize the Administrator of Veterans' Affairs to pay a $150 plot allowance to any State, agency or political subdivision thereof, in which any eligible veteran is buried in a cemetery or section used for interment of persons eligible for burial in a national cemetery.

III. PRESIDENT'S BUDGET REQUESTS FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Legislative proposal	President's request		Committee recommendation	
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)
(701) Income security for veterans:				
Burial allowances: Eliminate veterans burial payments in instances and to the extent that they duplicate other federally financed benefits.	$−85.0	$−85.0	$0.0 (+85)	$0.0 (+85)

Comment

Public Law 93–43 authorized a $150 burial plot allowance in addition to the $250 allowed to cover the burial and funeral expenses of a deceased veteran. Burial allowances which were originally authorized to avoid burial of war veterans in a potters field date back to the War

Risk Insurance Act of 1917 which provided for the payment of burial expenses not to exceed $100 for certain individuals whose death occurred before discharge or resignation from service. This provision was amended in 1923 to extend payment of $100 allowance for veterans who died without sufficient assets to meet the expense of burial or where such expenses were not otherwise provided for. The amount was reduced to $75 under the Economy Act by Executive order in 1933 and restored by Executive order in 1934. In 1936 the assets limitations previously contained in the law were removed. Ten years later in 1946 the allowance was increased from a maximum $100 to $150 (Public Law 79–529), and in 1958 it was again increased to $250 (Public Law 85–674).

Today, the maximum allowed is $400—$250 to cover burial and funeral expenses, and $150 as a plot or interment allowance. The total sum currently allowed is the sum recommended by the Veterans Advisory Commission appointed by President Johnson in 1967. When it issued its recommendations in 1968, the Commission recommended that the burial allowance for veterans be increased to $400, $100 of which would be reserved for payment toward a gravesite for those not buried in national cemeteries, and that "the burial allowance not be denied to any veteran because of the existence of any other burial or death benefit, public or private."

Legislative proposal	*President's request*		*Committee recommendation*	
	Budget authority	*Outlays*	*Budget authority (difference)*	*Outlays (difference)*
(702) Veterans education, training and rehabilitation:				
Readjustment benefits: Repeal the 2-year delimiting date extension for veterans education provided by Public Law 93–337.	$−623.5	$−623.5	$0.0 (+623.5)	$0.0 (+623.5)

Comment

The committee is not expected to approve legislation to implement the President's recommendation. Under current law, no educational assistance shall be afforded an eligible veteran under chapter 34 beyond the date 10 years after his last discharge or release from active duty after January 31, 1955. Prior to the enactment of Public Law 93–337, the delimiting period for completion was 8 years. Even though the administration strongly opposed the extension, the Congress, by an overwhelming majority, felt the Vietnam era veteran upon discharge from service encountered special difficulties in readjusting to civilian life and, thus, needed additional time in which to complete his education and training program.

During the past 2 years, the President has recommended that the 2-year extension of the delimiting period be repealed.

Generally the World War II veteran had 4 years from the date of his separation from the service or the end of the war, whichever was the later date, in which to commence his program of education and was allowed a period of 9 years from such dates in which to use his entitlement. The Korean veteran had 3 years following separation from service in which to commence, and 8 years from the date of such discharge in which to complete his program of education.

Although there is some basis to support the argument that veterans serving after January 31, 1955 have received "favored treatment" when compared with World War II and Korean veterans, the committee, and the Congress, have recognized the special readjustment problems of the Vietnam veteran by providing him with an additional 2 years in which to complete his education program. Therefore, the committee is not expected to repeal the 2-year extension as proposed by the President.

Legislative proposal	President's request		Committee recommendation	
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)
Terminate the predischarge education program (PREP), effective July 1, 1976.	$−28.9	$−28.9	$−28.9 (0)	$−28.9 (0)
Terminate the education program eligibility for those entering service after July 1, 1976.	−25.1	−25.1	−25.1 (0)	−25.1 (0)

Comment

On October 6, 1975, the House passed and sent to the Senate, H.R. 9576. Among other things, this bill would terminate education program eligibility for those entering service after December 31, 1975; repeal the predischarge education program (PREP) and extend the maximum educational benefits to 45 months for all eligible veterans.

Since the Senate failed to act on the House passed bill by the termination date, the committee is expected to accept the termination date now suggested by the President and the cost savings he has estimated which total $54 million in new budget authority and outlays for fiscal year 1977.

It should be noted, however, that the provision in H.R. 9576 to extend the maximum educational benefits from 36 to 45 months for all eligible veterans is estimated to cost approximately $124.1 million in fiscal year 1977. Also, the housing provisions of the bill would require an additional $2.7 million. Therefore, the difference between the cost savings recommended by the President (and acceptable to the committee), and the additional costs included in H.R. 9576 for the additional 9 months of entitlement is $72.8 million in new budget authority in fiscal year 1977 and $72.8 million in additional outlays. This additional entitlement provision of H.R. 9576 is discussed later in this report under congressional initiatives.

Legislative proposal	President's request		Committee recommendation	
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)
Eliminate correspondence and flight training, effective July 1, 1976.	$−35.0	$−35.0	$0.0 (+35)	$0.0 (+35)

Comment

The administration has not yet submitted proposed legislation to carry out this purpose. The committee has some doubts as to the equity in terminating correspondence and flight training programs at this late date.

Legislative proposal	President's request		Committee recommendation	
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)
(703) Hospital and medical care for veterans:				
H.R. 4009, provides for reimbursement to the Veterans' Administration by private carriers for the cost of medical care and treatment provided to non-service-connected veterans.	$−130.0	$−130.0	Minimal (+130)	Minimal (+130)

Comment

The committee is expected to consider legislation to implement the President's recommendation. Last year the President submitted to Congress legislation to carry out this purpose. H.R. 4009 was introduced by the chairman of the Subcommittee on Hospitals and the ranking minority member of the full committee by request.

Under existing law, a veteran of any war or of service after January 31, 1955, who is under age 65, is eligible for necessary hospital care for a non-service-connected disability if he is unable to defray the expenses of private hospital care. (Veterans who are age 65 or older are entitled to such care without regard to their ability to bear the cost of private care.)

VA cannot administratively deny hospital admission to veterans who file the required statement of inability to pay, even though they have private hospitalization coverage.

H.R. 4009, if enacted, would end apparent inequitable practices. It would require that non-service-connected veterans be charged for care in a Veterans' Administration hospital to the extent that they are entitled to care, or reimbursement for the cost of care under a health insurance policy or contract.

It would also prohibit, prospectively, the exclusion of Veterans' Administration non-service-connected hospitalization from coverage under such policies or contracts if such care would be covered when furnished by other public or private facilities.

VA estimates that the enactment of this bill in its present form would save the Government some $130 million during the first year and each year thereafter, however, based on recent discussions with the Veterans' Administration, there is reason to believe the cost savings will not occur until the second year following enactment of the proposed legislation.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In millions of dollars]

Identify initiative	*Budget authority*	*Outlays*
(701) Income security for veterans:	$393.0	$393.0
Service-connected compensation: H.R. 11829, to increase rates of disability compensation for service-connected veterans and dependency and indemnity compensation for certain survivors of veterans dying of service-connected causes.		

Comment

The present disability compensation for veterans and dependency and indemnity compensation rates for widows and orphans were last increased on August 1, 1975. Since that time the cost-of-living has risen about 2.7 percent. An inflation rate of 6 percent or more is expected during this calendar year.

The committee plans to hold early hearings on the compensation program and will consider a bill soon after targets are established in the first concurrent budget resolution. Since veterans' compensation, pension, insurance, and readjustment benefits are not automatically adjusted for increases in the cost of living under current law, the committee has, through the years, adjusted these benefits periodically to reflect the increases in the cost-of-living.

The committee is expected to consider a bill to provide an equitable cost-of-living increase which we estimate at this time to be about 8 percent. An increase at this level, becoming effective October 1, 1976, would cost an additional $393 million in fiscal year 1977. Should hearings disclose that an equitable adjustment of rates should be higher or lower, the bill being considered would be so adjusted.

Identify initiative	*Budget authority*	*Outlays*
To direct the Administrator to conduct a scientific study to determine the relationship between amputations and cardiovascular disorders.	$0.4	$0.4

Comment

There is some evidence that the amputee veteran is subject to a greater incidence of heart failure than the nondisabled or less severely disabled veteran. Claims for service-connection for heart failure suffered by amputee veterans are often denied by the Veterans' Administration on the basis that the evidence of causal relationship to the service-connected amputation is not conclusive.

Identify initiative	*Budget authority*	*Outlays*
To direct the Administrator to conduct a scientific study to determine the adverse effects, if any, of age upon persons with service-connected disabilities.	$1.1	$1.1

Comment

Section 355 of title 38, United States Code, requires the Administrator of Veterans' Affairs to adopt and apply a schedule of ratings of reductions in earning capacity from specific injuries or combination of injuries. The ratings are based, as far as practicable, upon the average impairment of earning capacity resulting from such injuries in civil occupations.

Paragraph 17 of the schedule for rating disabilities provides that for pension purposes the percentage of disability requirements will be reduced on the attainment of age 55 with further reductions at age 60 or 65. Paragraph 19 of the same schedule, however, provides that age may not be considered as a factor in evaluating service-connected cases, associated with advancing age or intercurrent disability.

Identify initiative	*Budget authority*	*Outlays*
To provide additional compensation for a veteran with a dependent spouse or child in need of regular aid and attendance.	Minimal	Minimal

Comment

The proposed legislation would provide an additional monthly allowance for each spouse or child who is (1) a patient in a nursing home; (2) helpless or blind; or (3) so nearly helpless or blind as to need or require the regular aid and attendance of another person.

Under current law, an additional dependency and indemnity compensation benefit of $72 per month is paid to a widow or child who requires regular aid and attendance. This same special benefit is not paid for a helpless child or the wife of a living veteran who is rated 50 percent or more for a service-connected disability.

Identify initiative	*Budget authority*	*Outlays*
Non-service-connected pensions:		
Increase in pension and in parents dependency and indemnity compensation rates, and for other purposes.	$450.0	$450.0

Comment

Last year Public Law 94–169 was enacted, providing for a rate increase of 8 percent and an increase of $300 in the maximum income limitations effective January 1, 1976. The Senate limited the increase from January 1 through September 30, 1976. The committee expects to consider a bill continuing the increase beyond the September 30 date.

The Senate also passed and sent to the House S. 2635, a pension reform measure that would restructure the current need-based pension program. Although the committee has not held hearings on the Senate bill, the committee intends to schedule hearings later in the session.

Social security recipients are expected to receive another increase this year and the amount of such increase must be taken into consideration in any adjustment in the pension program. Based on the results of our hearings on S. 2635, the committee will decide whether to report some form of pension reform measure or report a bill that would make equitable adjustments in the current program not inconsistent with increases in costs of living and other incomes available to pensioners.

Identify initiative	*Budget authority*	*Outlays*
Insurance programs:		
To provide certain persons insured under Servicemen's Group Life Insurance (SGLI) with a choice of conversion to either an individual term or whole life insurance policy or Veterans' Group Life Insurance (VGLI) policy upon the expiration of their SGLI coverage.	$0.8	$0.2

Comment

H.R. 7767, which passed the House June 16, 1975, provided that an eligible member may convert his Servicemen's Group Life Insurance to Veterans' Group Life Insurance or a commercial private policy within 120 days from his date of discharge or release from service. The provision was not included in the bill as passed by the Senate.

Under current law, an individual's coverage is extended in most cases for 120 days following separation from active duty, at the end of which time he may convert his coverage to Veterans' Group Life Insurance.

The committee will consider giving the individual the option of converting from SGLI to VGLI or a private carrier upon discharge from service, and would also allow the individual to convert to a term or whole life policy. The bill would also extend for an additional year the period during which veterans separated prior to August 1, 1974 could apply for VGLI.

Identify initiative	*Budget authority*	*Outlays*
(702) Veterans' education, training and rehabilitation:		
Readjustment benefits: To provide a cost of living increase in the education and training allowance for eligible veterans and their dependents.	$390.0	$390.0

Comment

The committee is expected to consider a bill to increase education and training allowances. The cost-of-living index is expected to increase around 6 to 7 percent during this calendar year. Any increase will be in line with the increases the committee plans to consider for veterans and dependents drawing compensation, pension, and DIC benefits.

Identify initiative	*Budget authority*	*Outlays*
H.R. 9576: to extend the maximum educational benefits from 36 to 45 months for all eligible veterans.	$72.8	$72.8

Comment

The provision in H.R. 9576 to extend the maximum educational benefits from 36 to 45 months for all eligible veterans is estimated to cost approximately $124.1 million in fiscal year 1977. However, the difference between the cost savings recommended by the President by terminating GI education eligibility, and outlays required in 1977 for the additional 9-month entitlement, is estimated to be about $72.8 million.

The bill passed the House on October 6, 1975.

Identify initiative	*Budget authority*	*Outlays*
H.R. 9576: to permit the continuation of the Veterans' Administration's home loan program for eligible veterans who served on active duty after January 31, 1955; and grant entitlement for loan guaranty benefits to those persons whose sole period of service occurred between July 26, 1947, and June 26, 1950.	$2.7	$2.7

Comment

This provision was included in H.R. 9576 that passed the House on October 6, 1975.

Identify initiative	*Budget authority*	*Outlays*
To extend the period of time during which seriously service-connected disabled veterans may be afforded vocational rehabilitation training; to make improvements in the educational assistance programs and for other purposes.	$1.5	$1.5

Comment

The proposed legislation would repeal the June 30, 1975 termination date provided in current law for the training of blinded and seriously disabled veterans in World War II and the Korean conflict. In lieu of this date, the Administrator of Veterans' Affairs would be granted discretionary authority to extend entitlement for such periods as he deems appropriate.

As a result of the June 30, 1975 termination date, many seriously disabled veterans then in training were cut off from Veterans' Administration benefits before they had completed the training they needed to regain employability. In addition, seriously disabled veterans of these war periods who have not yet entered training, but who will need training in the years ahead, such as those whose disability has prevented their entrance into training, and those whose service-connected conditions have worsened, would be aided by the proposed change in the law. The discretionary authority would permit the Veterans' Administration to aid these deserving veterans in regaining employability.

The proposed legislation would also amend chapters 34 and 35 of title 38, relating to the approval of the enrollment of veterans and their dependents in independent study programs, and would also tighten current law affecting overpayments in the education program and in the establishment of branch schools.

Identify initiative	*Budget authority*	*Outlays*
(703) Hospital and medical care for veterans:		
Medical care: H.R. 10268, to clarify the purposes for which the Administrator of Veterans' Affairs may release the names and addresses of present and former personnel of the armed services and their dependents.	Administrative costs only	Administrative costs only

Comment

The House passed H.R. 10268 on December 15, 1975 and the bill is now pending in the Senate.

Identify initiative	*Budget authority*	*Outlays*
H.R. 2735, to provide for annual investigations by the Administrator of Veterans' Affairs into the cost of travel by veterans to VA medical facilities.	$0.0	$0.0

Comment

The bill passed the House on December 15, 1975. There would be negligible cost to the Government for the annual studies.

Identify initiative	*Budget authority*	*Outlays*
H.R. 1547, to extend medical benefits to the survivors of any veteran who at the time of death was suffering from a total and permanent service-connected disability.	$.057	$.057

Comment

The bill passed the House on December 15, 1975.

Identify initiative	*Budget authority*	*Outlays*
H.R. 10394, to increase the per diem rate for treatment of veterans in State veterans' homes.	$13.8	$13.8

Comment

The bill passed the House on December 15, 1975.

Identify initiative	*Budget authority*	*Outlays*
H.R. 71, to provide hospital and medical care to certain members of the armed forces of nations allied or associated with the United States in World War I or World War II.	Unknown	Unknown

Comment

The bill passed the House September 10, 1975.

Identify initiative	*Budget authority*	*Outlays*
H.R. 3348, to extend and improve the program of exchange of medical information between the Veterans' Administration and the medical community.	$4.0	$4.0

Comment

The bill passed the House June 16, 1975.

Identify initiative	*Budget authority*	*Outlays*
H.R. 3347, to simplify and make uniform the eligibility requirements of all types of VA health care and treatment so that generally if a veteran is eligible for VA treatment, he is eligible for any of the health services offered by VA, without regard to whether the condition is service-connected or non-service-connected.	$79.5	$79.5

Comment

This bill would amend title 38 of the United States Code in order to revise the eligibility requirements and the medical benefits provided to eligible veterans, and for other purposes.

The bill is similar in purpose to draft legislation recommended by the special task force appointed last year by the Chief Medical Director after studying the problem of veteran eligibility for medical care. It is designed to simplify and make uniform the eligibility requirements to all types of health care and treatment, so that generally if a veteran is eligible for VA treatment he is eligible for any of the health services offered by VA, without regard to whether the condition is service-connected or non-service-connected.

The eligibility provisions of section 610, title 38, are restated to pertain to health services rather than to specific types of care, but are expanded so that any veteran with a service-connected condition is eligible for the complete range of health services.

The humanitarian emergency treatment of section 611, title 38, becomes applicable to any of the health services instead of being limited to just hospital care. In addition, section 611 would authorize the Administrator to furnish health services to any veteran, not eligible under section 610, if a State or local health official were to certify that non-Federal medical facilities are not adequate to meet the medical needs of the community.

The bill would also amend section 618, title 38, to allow the Administrator to utilize the services of patients and members in VA hospitals and domiciliaries for therapeutic and rehabilitative purposes, at nominal remuneration or without remuneration. Current law requires that nominal remuneration be paid for such services.

Finally, the bill would amend section 620, title 38, to authorize community nursing home care by direct admission for all eligible veterans, thus deleting the present requirement of a prior VA hospitalization episode with admission by transfer, unless the condition is service-connected. It would retain the current 6-month limitation for a non-service-connected veteran.

Identify initiative	*Budget authority*	*Outlays*
H.R. 8134, to provide hospital care and medical services in Veterans' Administration facilities to Philippine Commonwealth Army veterans for service-connected disabilities at such times as such veterans may require such care and services while within the United States.	$0.26	$0.26

Comment

This bill would amend title 38 of the United States Code in order to provide hospital care and medical services in Veterans' Administration facilities to Commonwealth Army veterans for service-connected disabilities at such times as such veterans may require such care and services while within the United States.

The bill would amend section 632 of title 38, United States Code, to provide that any Commonwealth Army veteran who, while within the United States, has need of hospital care or medical services for any service-connected disability, is entitled to receive such care or services without charge in any Veterans' Administration facility.

A Commonwealth Army veteran is defined as any person who served before July 1, 1946, in the organized military forces of the Government of the Philippines, while such forces were in the service of the Armed Forces of the United States pursuant to the military order of the President of the United States dated July 26, 1941. Included among such military forces are the organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent authority in the Army of the United States, provided that such persons were discharged or released from such service under conditions other than dishonorable.

Under current law, medical benefits for Filipino veterans are provided through a VA grant-in-aid program, primarily for inpatient care at the Veterans Memorial Hospital, Quezon City, Republic of the Philippines. The bill would grant the same benefit to Commonwealth Army veterans in the United States that they are now entitled to when in the Philippines.

Identify initiative	*Budget authority*	*Outlays*
To clarify the authority of the Administrator of Veterans' Affairs to provide medical rehabilitative services in the form of compensated work therapy for patients and members at VA medical facilities.	$5.0	$5.0

Comment

The development of compensated work therapy (CWT) programs in the Veterans' Administration began in the 1950's. The purpose of the program was to provide realistic work experiences for patients who would soon be returning to competitive industry in the community. Another purpose was to motivate chronically ill patients who had reached a plateau in treatment and were making minimal progress. An important ingredient was the fact that the work was being done for industry in the community and patients did not see it as "make work." Initial jobs accepted were of a routine repetitive nature. From the beginning, in the 1950's to 1976 CWT has expanded to include programs in 52 health care facilities, with 20 more to be started as soon as Agency policy guidelines are clarified. It is anticipated that there would also be an effective treatment modality in domiciliaries though there is a minimal amount of current domiciliary involvement in the program at the present time.

Focus of CWT has moved from a primary aim as a sheltered work setting, to a several-fold purpose—including (A) transitional form for patients returning to competitive employment in the community; (B) work activity center for those continuing to need a sheltered work environment; (C) evaluation center for individuals needing to reestablish or even establish job plans; and (D) as a temporary crisis-relieving environment in which work-related problems can be dealt with in a job setting.

The bill makes it possible to retain the association with nonprofit corporations, as well as to approve the establishment of new ones, subject to the approval of the Administrator.

There appears to be a need for this enabling legislation so that the VA can establish policy guidelines regarding operation of and accounting by these programs. If this legislation is passed it will make it possible to further develop a work therapy program that has been acknowledged as being an important aspect of the VA health care program.

Identify initiative	*Budget authority*	*Outlays*
H.R. 3346, to authorize the Administrator to prescribe regulations to establish first priority outpatient treatment to veterans for service-connected disabilities.	$0.0	$0.0

Comment

This bill would direct the Administrator of Veterans' Affairs to establish priority treatment to veterans with service-connected disabilities.

The service-connected veteran has, historically and factually, been considered as being entitled to first priority for care when it has been necessary to formalize procedures. This consideration has been based on the well-founded principle that priorities should be given to the care and treatment of conditions of veterans who suffered a disability as the result of active military service. The only exception as to which veteran will have first priority will be the veteran requiring emergency care, regardless of service-connected or non-service-connected status.

Due to the Veterans' Administration increasing workload today, the VA has failed to properly identify those veterans with service-connected disabilities so that priority attention may be provided to them.

The purpose of this bill, therefore, is to provide that every medical file for a veteran with a service-connected disability will be boldly identified as one in which the patient has priority with the exception of any veteran who requires emergency care, and that this identification will help to insure that all VA employees will expedite service accordingly to these patients having the higher eligibility status.

Identify initiative	*Budget authority*	*Outlays*
H.R. 1543, to authorize the Administrator of Veterans' Affairs to provide community nursing home care when the cost of such care will not exceed 45 percent of the cost furnished in a VA facility.	Minimal	Minimal

Comment

This bill would authorize payment of a higher proportion of hospital costs in establishing amounts payable for nursing home care of certain veterans. It would increase the maximum amount payable for community nursing home care from 40 percent to 45 percent of the cost of care in VA general hospitals.

This bill will provide needed flexibility for the VA to parallel other Federal/State public assistance payments and compete for skilled nursing beds in community facilities. It would enable VA to provide community nursing home care to veterans in some areas where the current limitation on payments for this purpose restricts their ability to provide needed care.

Although VA's nationwide average per diem payment for community nursing home care is below the maximum rate, the maximum allowed under the current statute is paid in the States of Connecticut, New York, New Jersey, Michigan, Alaska, and Hawaii. A higher maximum rate would enable VA to provide community nursing home care to veterans in some areas where the current limitation on payments restricts the agency's ability. Since a higher maximum rate would impact costs in *only* a few localities, the cost of this legislation would be minimal.

Identify initiative	*Budget authority*	*Outlays*
H.R. 6087, to provide any outpatient dental treatment to any veteran with service-connected disabilities of 80 percent or more.	$5.5	$5.5

Comment

This bill would amend section 612(b) of title 38, United States Code, to provide any outpatient dental service and treatment to any veteran who has a service-connected disability of 80 percent or more.

The bill would amend section 612(b) of title 38 to permit the furnishing of unrestricted outpatient dental services and treatment, and related dental appliances, to any veteran who has a service-connected disability rated at 80 percent or more. Under present law services and treatment are provided only for a compensable, service-connected dental condition, or, if the condition is service-connected, but noncompensable, the treatment is limited to a one-time completion basis, and then only if application is made within 1 year after discharge. The proposal would remove all limitations for this class of veterans and make them eligible for outpatient dental care and treatment for non-service-connected dental conditions as well as service-connected conditions which do not meet the criteria otherwise applicable.

Identify initiative	*Budget authority*	*Outlays*
Extension of Public Law 94–123, Veterans' Administration Physician and Dentist Pay Comparability Act of 1975.	$6.0	$6.0

Comment

Last year Public Law 94–123 was enacted, providing additional pay to VA physicians and dentists. Unless the problem of recruiting and retaining physicians and dentists in the federal system is not resolved prior to August 1, the committee will consider extending Public Law 94–123 for 1 additional year.

Identify initiative	*Budget authority*	*Outlays*
Construction of hospital and domiciliary facilities: To revise the provisions of title 38, United States Code, relating to the construction, alteration, and acquisition of Veterans' Administration medical facilities.	$0.0	$0.0

Comment

The bill would provide that no appropriation be made to construct, alter, or otherwise acquire any medical facility which involves a total expenditure of more than $500,000 without approval of the Veterans' Affairs Committees of the House and Senate, and no appropriation could be made to lease any space at an average annual rental of more than $200,000 for use as a medical facility without such approval.

Title 38, United States Code, section 5001(c) states that "The location of each hospital or domiciliary and its nature (whether for domiciliary care or the treatment of tuberculosis, neuropsychiatric cases, or general medical and surgical cases) shall be within the discretion of the Administrator, subject to the approval of the President."

In 1944 Congress authorized expansion of the VA hospital system by appropriating $1.1 billion to add approximately 49,000 new beds to the VA system. In 1958, because of concern that VA hospitals were not keeping pace with those in the private medical sector, the Administrator appointed a special task force, including representatives from the Bureau of the Budget, to study and appraise long-range modernization and replacement requirements. This 2-year study resulted in a 12-year plan to spend $900 million to modernize 65,629 beds at 72 existing pre-World War II hospitals and to construct 11,029 new beds to replace completely outmoded facilities. This plan was presented to the House Veterans' Affairs Committee and to the Appropriations Committees in support of appropriation requests. It was accepted by the Bureau of the Budget and the Congress. Funding for the program started in 1961 with the appropriation of $75 million and this approximate level of appropriations was maintained for the next 3 years. The plan was revised upward in 1962 to $1.3 billion over a 15-year period with an annual funding level of $90 to $100 million. This new level was reflected in appropriations of $98 million in fiscal year 1965 and $91 million in fiscal year 1966.

The 1977 construction budget for major projects is $117.5 million and $93 million for minor projects.

Due to inadequate planning in the last 10 or more years, there have been many mistakes resulting in high cost overruns. The most recent example is the Bronx VA Hospital where original estimated construction costs totaled $65 million. The hospital is in its final stages of completion and the cost will exceed $115 million.

In order for the Congress to carry out its oversight responsibilities more effectively and have more input in the establishment of priorities, this legislation is imperative. It will compel a comprehensive review of each major project before it is started and prior approval of the

Veterans' Affairs Committees of both the House and Senate. It is believed that the reviews required in this legislation will materially improve the operation of the VA construction program.

Additionally, the bill establishes a revolving fund similar to the canteen revolving fund which enables the Veterans' Administration to cope with one of the most serious problems existing in the system—inadequate parking facilities at practically every VA hospital throughout the country. This committee receives voluminous complaints from sick and disabled veterans throughout the country who complain of inadequate parkng facilities.

The policies at each hospital differ as to what, if anything, is charged to employees for parking and where to establish certain priorities. No charge is made for patients or visitors which is not the case in the private medical sector.

By establishing a revolving fund with uniform rates, new facilities can be constructed and maintained without the use of appropriated funds thus saving the Federal Government the cost of providing parking facilities at VA hospitals.

Identify initiative	*Budget authority*	*Outlays*
(704) Veterans housing:		
Mobile home loan guarantee: H.R. 9063, to permit the Administrator of Veterans' Affairs to guarantee up to 50 percent of any mobile home loan.	$0.0	$0.0

Comment

On August 5, 1974, the House passed and sent to the Senate H.R. 15912. One provision of the bill would have raised the maximum mobile home loan guarantee from 30 to 50 percent; however, the measure was not accepted by the Senate.

It is felt such increase would substantially stimulate activity by private financial lending institutions in the VA mobile home program.

It is also felt such increase may encourage the Government National Mortgage Association and the Federal National Mortgage Association to enter into the VA mobile home program, and in so doing, provide a secondary money market for VA mobile home loans.

Identify Initiative	*Budget authority*	*Outlays*
Direct Home Loan Ceiling:		
To increase the maximum direct home loan ceiling from $25,000 to $29,000.	$0.0	$2.1

Comment

Since the $25,000 maximum became effective on October 9, 1973, the cost of housing has substantially increased.

Identify initiative	*Budget authority*	*Outlays*
Direct loan revolving fund: H.R. 10944, to provide for the continuation of the direct home loan revolving fund.	$0.0	$0.0

Comment

Legislation is necessary to continue availability of home loans from the direct loan revolving fund.

Identify initiative	*Budget authority*	*Outlays*
(705) Other veterans benefits and services:		
Canteen service revolving fund: To improve the operation and modernize the facilities of the Veterans' Canteen Service of the Veterans' Administration.	$0.0	$0.0

Comment

The bill would expand the sales policy at hospitals and homes of the Veterans' Administration to include the offering of merchandise and services to include patients who are receiving treatment at a VA facility on an outpatient basis, and to such employees, volunteers, visitors, nonveteran patients and others as the Administrator may determine appropriate.

Identify initiative	*Budget authority*	*Outlays*
Naming of veterans' hospitals:		
H.R. 4034, to designate the Veterans' Administration Hospital in Loma Linda, Calif., as the "Jerry L. Pettis Memorial Veterans' Hospital."	$0.0	$0.0

Comment

The bill passed the House on October 6, 1975.

Identify initiative	*Budget authority*	*Outlays*
H.R. 9811, to designate the Veterans' Administration hospital in Madison, Wis., as the William S. Middleton Memorial Veterans' Hospital, and for other purposes.	$0.0	$0.0

Comment

The full committee ordered reported H.R. 9811 on March 11.

Identify initiative	*Budget authority*	*Outlays*
Transfer of property:		
H.R. 10253, to authorize the Administrator of the Veterans' Administration to convey certain real estate to the Chicago Medical School.	$0.0	$0.0

Comment

The bill would authorize the Administrator of Veterans' Affairs to convey by quitclaim deed, without monetary consideration, to the University of Health Sciences/The Chicago Medical School, a private, nonprofit institution, for medical purposes, approximately 87 acres of real property, including improvements thereon, on the grounds presently occupied by the Veterans' Administration Hospital in Downey, Ill.

Identify initiative	*Budget authority*	*Outlays*
Burial in Arlington National Cemetery:		
H.R. 12079 to require the Secretary of the Army to permit burial of certain veterans and their eligible dependents in Arlington.	$0.0	$0.0

Comment

The Subcommittee on Cemeteries and Burial Benefits has recommended H.R. 12079.

68-249 O - 76 - 34

Identify initiative	*Budget authority*	*Outlays*
Establishment of national cemeteries:		
H.R. 11140, to establish a national cemetery at Quantico, Va.	$2.5	$1.4

Comment

The full committee ordered the bill reported on March 11.

Identify initiative	*Budget authority*	*Outlays*
H.R. 8891, to establish national cemeteries in California and Massachusetts.	$0.0	$4.4

Comment

The bill passed the House on November 4, 1975.

Identify initiative	*Budget authority*	*Outlays*
H.R. 10505, to establish a national cemetery at Indiantown Gap, Pa.	$2.2	$0.3

Identify initiative	*Budget authority*	*Outlays*
To establish national cemeteries in the Northeast and Southeast regions.	$4.5	$0.3

Identify initiative	*Budget authority*	*Outlays*
American Battle Monuments Commission:	Minimal	Minimal
H.R. 8507, to revise the per diem allowance authorized for members of the American Battle Monuments Commission.		

Comment

The bill passed the House November 4, 1975.

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	*President's request*		*Committee recommendation*	
	Budget authority	*Outlays*	*Budget authority (difference)*	*Outlays (difference)*

Medical Care

The Veterans' Affairs Committee will consider recommending to the Appropriations Committee an increase in medical care funding of $53.7 million in fiscal year 1977 for urgent staffing requirements.

Justification for this request is as follows:

Staffing—Ambulatory/Outpatient Care

Passage of Public Law 93–82 which, among other provisions provided for ambulatory/outpatient care, has had a tremendous impact on the number of outpatient treatment visits in VA medical facilities. The state of the economy continues to be a major factor in this increase as many unemployed veterans are seeking care in VA facilities who otherwise would be treated in the private medical sector under third-party insurance contracts.

In the 1976 budget, funds were provided for a total of 14.7 million outpatient treatment visits; however, based on experience thus far in the current fiscal year, the number of visits apparently will approximate 16 million. Utilizing the present criteria of eligibility for outpatient visits it is estimated that the number of visits will exceed 16 million in fiscal year 1977.

No increased staffing was authorized in fiscal year 1976 for the *increased* outpatient/ambulatory care workload above the 14.7 workload level and no additional staffing for this function is contained in the fiscal year 1977 appropriation request.

Based on the combination of the fiscal year 1976 underestimated increase of about 1 million outpatient visits, and that the estimated number of visits will exceed 16 million in fiscal year 1977 based on the present eligibility criteria, an additional minimum personnel requirement of 2,000 at an additional cost of $40 million will be needed to cope with the anticipated workload of this program in fiscal year 1977.

Staffing for Expanded Facilities

Activation of expanded hospital facilities at San Francisco, Calif., and Phoeniz, Ariz., will take place in fiscal year 1976.

The fiscal year 1977 appropriation request from the Administration does not provide *any* additional personnel to staff these other expanded facilities. It is estimated that a minimum of 250 additional personnel would be needed during fiscal year 1977 for these expanded activities at a cost of $6 million.

During fiscal year 1977, approximately 575 nursing home care beds at 8 locations will be added to the existing VA medical system. No provision was made in the appropriation request for 1977 for additional nursing personnel to staff these facilities. Although the Veterans' Administration sought these positions in its fiscal year appropriations for 1977, OMB denied the request.

The committee will consider recommending an increase in FTEE specifically earmarked for the nursing service of 500 at an annualized cost of $7.7 million to take care of this workload.

Other 1977 Medical Care Appropriation Deficiencies

A review of the medical care appropriation request discloses numerous other deficiencies in various areas. Based on the critical overall budget crisis which exists, the committee will refrain from recommending *this year* appropriations to correct these identified deficiencies. However, we feel obligated to identify general categories which *must* be considered in fiscal year 1978. These are as follows:

	In millions
Inpatient hospital staffing for existing hospitals based on current workloads	$42.9
Outpatient clinic expansion (3) to meet rising workloads brought about by increased aging of 15 million World War II and over 1 million World War I veterans	6.7
Maintenance and repair including minor construction improvements and alteration of facilities; replacement of obsolete equipment of the highest priority	37.6
Total	87.2

These categories are of the deepest concern to this committee. There are also other areas which likewise cause concern of the committee.

Status of Research and Education Programs

Due to inflation, costs have risen dramatically for operations, equipment, supplies, and salaries in other important allied medical programs of the Veterans' Administration. The Veterans' Administration has been one of the world's leaders in medical and prosthetic research; yet since 1975, the appropriations for this function have been basically "straightlined." Projects have been curtailed or eliminated to stay within appropriated funding. This situation is beginning to have a marked effect in VA's affiliations with medical schools and staff recruitment at a number of major VA hospitals. The same situation applies to the education and training programs of the Veterans' Administration. The quality of medical education and training provided the Nation's future doctors, dentists, nurses, and other health service personnel, under VA auspices, has been enhanced since World War II to the benefit not only of veterans, but all Americans. However, unless these programs are properly supported in the future the trend will be reversed.

At the present time, for example, physicians in almost every community in America have received at least part of their medical training from VA through the Department of Medicine and Surgery's close affiliation with 100 of the Nation's 114 medical schools. This is equally true of dentists, since the Department is now affiliated with all of the country's 58 dental schools. And literally hundreds of thousands of nurses and other allied health workers have received skilled VA medical training.

Continued erosion of funding of these programs by "straightlining" them in the budget will soon render them ineffective and severely cripple these two meaningful programs which have greatly benefited all mankind in the past.

Hospital Construction

It is significant to note that the 1977 appropriations requested for hospital construction contains no "new starts" for replacement of outdated facilities mostly those temporary facilities built during World War II with a life expectancy of 10 to 15 years. Independent studies are either completed or will be completed by the end of March 1976 on eight replacement or new facilities. These include Martinsburg, W. Va.; Richmond, Va.; Portland, Ore./Vancouver, Wash.; Philadelphia/South New Jersey; Baltimore, Md.; Seattle, Wash.; Bay Pines, Fla.; and Little Rock, Ark. The committee will defer its determination as to whether to seek any additional funds in fiscal year 1977 for planning starts on any of the eight hospitals under study until all of the studies are complete.

There are a number of facilities either in need of modernization or replacement on which studies have been initiated. The average construction cost in 1976 dollars for VA hospitals is $106,000 per bed. It is currently estimated that these costs will escalate by 9 percent in fiscal year 1977 and 7 percent each year thereafter. Depending on the number of beds finally approved for each of the eight replacement hospitals, and the date approved authorizing the replacement construction, the cost for these eight facilities may range from $85 to $175 million apiece if the recommendations in the studies are followed.

Decisions must be made in the very near future to develop an orderly plan to deal with this monumental problem.

VETERANS' ADMINISTRATION, FISCAL YEAR 1977—BUDGET AUTHORITY AND OUTLAYS, BY FUNCTION, SUBFUNCTION, AND AUTHORIZATION FOR PROGRAMS UNDER JURISDICTION OF THE HOUSE AND SENATE VETERANS' AFFAIRS COMMITTEES

Function, subfunction, act, title, and section	Program name	Veterans' Administration Agency(s)/bureau(s)	Appropriation account number (29-00)	Authorization (dollars in thousands) Fiscal year 1976	Authorization (dollars in thousands) Fiscal year 1977	Authorization termination date	Budget authority (dollars in thousands) Fiscal year 1975 amount	Budget authority (dollars in thousands) Fiscal year 1976 estimate	Budget authority (dollars in thousands) Fiscal year 1977 estimate	Outlays (dollars in thousands) Fiscal year 1975 amount	Outlays (dollars in thousands) Fiscal year 1976 estimate	Outlays (dollars in thousands) Fiscal year 1977 estimate
(700) Veterans benefits and services:												
(701) Income security for veterans:												
38 U.S.C., chapter 11, section 301-362.	Compensation	DVB	0102-0-1				$3,893,234	$3,929,257	$4,334,119	$3,914,526	$3,932,656	$4,330,171
Do	do	DVB	0102-1-1					370,000			333,311	20,731
38 U.S.C., chapter 13, section 401-423.	Dependency and indemnity compensation.	DVB	0102-0-1				770,010	783,872	876,658	774,225	784,077	875,368
Do	do	DVB	0102-1-1					82,332			74,164	4,592
38 U.S.C., chapter 15, section 501-562.	Pensions	DVB	0102-0-1				2,724,136	2,824,404	2,771,691	2,739,065	2,826,568	2,768,847
Do	do	DVB	0102-1-1					97,168			87,525	1,977
U.S.C., chapter 17, section 617	Invalid lifts and devices	DVB	0102-0-1				5,304	5,800	6,000	5,304	5,800	6,000
U.S.C., chapter 19, section 701-725.	National Service Life Insurance	DVB	0120-0-1				2,186	2,677	2,096	2,363	2,305	2,321
Do	do	DVB	8132-0-7				835,070	865,700	933,700	730,760	654,700	682,300
38 U.S.C., chapter 19, section 722	Service Disabled Veterans Insurance.	DVB	0120-0-1				5,800	3,000	4,200	5,800	3,000	4,700
Do	do	DVB	4012-0-3							−1,161	1,600	−100
38 U.S.C., chapter 19, section 723	Veterans Special Life Insurance	DVB	8455-0-8							−41,257	−42,200	−45,200
38 U.S.C., chapter 19, section 725; Public Law 88-664.	Veterans Reopened Life Insurance.	DVB	4010-0-3							−32,387	−32,400	−32,000
38 U.S.C., chapter 19, section 740-760.	U.S. Government Life Insurance	DVB	8150-0-7				37,679	37,900	36,600	85,695	73,500	68,100
38 U.S.C., chapter 19, section 756-757.	Military and Naval Insurance	DVB	0120-0-1				754	923	704	882	795	779
38 U.S.C., chapter 19 section 765-799; Public Law 89-214.	Servicemen's Group Life Insurance.	DVB	4009-0-3							2,624		
38 U.S.C., chapter 19, section 777; Public Law 93-289.	Veterans Group Life Insurance	DVB	0102-0-1					1,000	1,000		1,000	1,000
38 U.S.C., chapter 21, section 806; Public Law 92-95.	Mortgage Protection Life Insurance.	DVB	0102-0-1				1,600	1,200	1,200	1,600	1,200	1,200
38 U.S.C., chapter 23, section 901	Burial flags	DVB	0102-0-1				2,835	3,324	3,948	2,835	3,324	3,948
38 U.S.C., chapter 23, section 902	Burial allowances, N.S.C.	DVB	0102-0-1				81,608	87,836	92,232	82,489	87,968	92,013
38 U.S.C., chapter 23, section 902 (proposed legislation).	do	DVB	0102-2-1						−81,500			−81,500
38 U.S.C., chapter 23, section 903(b); Public Law 93-43.	Burial plot allowances	DVB	0102-0-1				42,218	44,100	45,600	42,218	44,100	45,600
38 U.S.C., chapter 23, section 906	Headstones and markers	DVB	0102-0-1				10,173	9,828	10,574	10,173	9,828	10,574
38 U.S.C., chapter 23, section 907; Public Law 93-43.	Service-connected death benefits.	DVB	0102-0-1				6,676	7,620	9,030	6,676	7,620	9,030
38 U.S.C., chapter 23, section 907; Public Law 93-43 (proposed legislation).	do	DVB	0102-2-1						−3,500			−3,500
Public Law 76-861, as amended, article IV.	Protection of Servicemen's Private Insurance.	DVB	0102-0-1							−10	4	1
Do	do	DVB	0120-0-1				10			10		
Public Law 85-857, article 11	Emergency officer's retirement pay.	DVB	0102-0-1				1,593	1,445	1,334	1,593	1,445	1,334
Public Law 85-857, article 12	Adjusted service and dependents pay.	DVB	0102-0-1				13	14	14	13	14	14
Receipts:												
38 U.S.C., chapter 19, section 701-725	Premium and other receipts	DVB	8132-0-7				−464,948	−470,280	−502,050	−464,948	−470,280	−502,050
Do	Payments from general funds	DVB	8132-0-7				−2,074	−2,000	−1,880	−2,074	−2,000	−1,880
38 U.S.C., chapter 19, section 740-760.	Premium and other receipts	DVB	8150-0-7				−6,830	−6,515	−6,207	−6,830	−6,515	−6,207
Do	Payments from general funds	DVB	8150-0-7				−27	−25	−25	−27	−25	−25
Total income security for veterans (701).							7,947,021	8,680,580	8,535,538	7,860,157	8,383,084	8,258,138

VETERANS' ADMINISTRATION, FISCAL YEAR 1977—BUDGET AUTHORITY AND OUTLAYS, BY FUNCTION, SUBFUNCTION, AND AUTHORIZATION FOR PROGRAMS UNDER JURISDICTION OF THE HOUSE AND SENATE VETERANS' AFFAIRS COMMITTEES

Function, subfunction, act, title, and section	Program name	Veterans' Administration: Agency(s)/bureau(s)	Veterans' Administration: Appropriation account number (29-00)	Authorization (dollars in thousands): Fiscal year 1976	Authorization (dollars in thousands): Fiscal year 1977	Authorization termination date	Budget authority (dollars in thousands): Fiscal year 1975 amount	Budget authority (dollars in thousands): Fiscal year 1976 estimate	Budget authority (dollars in thousands): Fiscal year 1977 estimate	Outlays (dollars in thousands): Fiscal year 1975 amount	Outlays (dollars in thousands): Fiscal year 1976 estimate	Outlays (dollars in thousands): Fiscal year 1977 estimate
702) Veterans education, training, and rehabilitation:												
38 U.S.C., chapter 21, section 801-805	Specially adapted housing for disabled veterans.	DVB	0137-0-1				14,322	16,250	15,625	14,322	16,250	15,625
38 U.S.C., chapter 31, section 1501-1505; 1508-1511.	Vocational rehabilitation	DVB	0137-0-1				73,066	77,486	76,160	73,066	77,486	76,160
38 U.S.C., chapter 31, section 1507	Vocational rehabilitation loans	DVB	4114-0-3				97			86		
Do.	do	DVB	4114-1-3					100			100	
38 U.S.C., chapter 34, section 1651-1685, 1690-1697.	Veterans education assistance	DVB	0137-0-1				4,203,313	5,098,682	4,550,720	4,323,163	4,959,582	4,577,720
Do.	do	DVB	0137-1-1					777,937			722,937	55,000
38 U.S.C., chapter 34, section 1651-1685; 1690-1697 (proposed legislation).	do	DVB	0137-2-1						−712,486			−712,486
38 U.S.C., chapter 34, section 1686; Public Law 93-508.	Veterans educational loans	DVB	4118-0-3				73,509			1,383	2,692	2,082
38 U.S.C., chapter 35, section 1700-1736; 1740-1766.	Orphans and widows educational assistance.	DVB	0137-0-1				163,278	200,907	222,360	163,278	200,907	222,360
Do.	do	DVB	0137-1-1					22,063			22,063	
38 U.S.C., chapter 35, section 1700-1736; 1740-1766 (proposed legislation).	do	DVB	0137-2-1						−14			−14
38 U.S.C., chapter 35, section 1737; Public Law 93-508	Orphans and widows educational loans.	DVB	4118-0-3				1,000			19	37	28
38 U.S.C., chapter 39, section 1901-1903; Public Law 53-538.	Automobiles and adaptive equipment for disabled veterans.	DVB	0137-0-1				17,250	21,150	8,135	17,250	21,150	8,135
Total veterans education, training, and rehabilitation (702).							4,550,835	6,214,575	4,160,500	4,592,568	6,023,204	4,244,610
(703 hospital and medical care for veterans:												
38 U.S.C., chapter 1, section 111	Beneficiary travel	DM & S	0160-0-1				43,992	51,474	51,474	43,992	51,474	51,474
Do.	do	DM & S	0161-0-1					6	6		6	6
38 U.S.C., chapter 3, section 216(a)	Prosthetic research	DM & S	0161-0-1				3,674	2,576	3,785	3,850	2,906	4,195
38 U.S.C., chapter 3, section 218	Police force	DM & S	0160-0-1				16,649	18,314	20,145	16,649	18,314	20,145
38 U.S.C., chapter 3, section 219(a) and (b); Public Law 93-508.	Research and development in health services.	DM & S	0161-0-1					3,587	3,104		3,519	3,104
38 U.S.C., chapter 3, section 233	Miscellaneous expenses	DM & S	0152-0-1				17	17	17	17	17	17
Do.	do	DM & S	0160-0-1				9,129	10,042	11,046	9,129	10,042	11,046
38 U.S.C., chapter 3, section 234	Telephone service for medical officers and facility directors.	DM & S	0160-0-1				96	106	116	96	106	116
38 U.S.C., chapter 17, section 610-612; 614-615; 617-619; 621-628.	Hospital, domiciliary and nursing home inpatient care, and medical and dental treatment.	DM & S	0160-0-1				2,934,829	3,329,278	3,671,962	3,022,368	3,301,242	3,661,437
Do.	do	DM & S	0160-1-1					89,464			22,075	
38 U.S.C., chapter 17, section 613; Public Law 93-82.	Medical care for survivors and dependents (CHAMPVA).	DM & S	0160-0-1				13,208	23,000	27,842	13,208	23,000	27,842
38 U.S.C., chapter 17, section 616; 624	Contract hospital care	DM & S	0160-0-1				39,597	29,913	56,017	39,597	29,913	56,017
Do.	do	DM & S	0160-1-1					18,926			18,926	
38 U.S.C., chapter 17, section 620	Community nursing home care	DM & S	0160-0-1				47,272	60,131	77,149	47,272	60,131	77,149
38 U.S.C., chapter 17, section 632; Public Law 80-865 as amended by Public Law 93-82.	Grants for hospital and medical care to Philippine veterans.	DM & S	0144-0-1	2,100	2,100	Sept. 30, 1978	2,050	2,100	2,100	1,975	2,150	2,100
38 U.S.C., chapter 17, section 641-643	Grants for operation of State nursing homes, hospitals, and domiciliaries.	DM & S	0160-0-1				23,471	26,718	29,373	23,471	26,718	29,373
38 U.S.C., chapter 17, section 644; Public Law 91-178 as amended by Public Law 93-82.	Grants for modernization of State homes and hospitals.	DM & S	0181-0-1	5,000	5,000	Sept. 30, 1979	4,850	5,000	5,000	1,322	958	887

38 U.S.C., chapter 17, section 651; Public Law 93-82	Sickle cell anemia treatment	DM & S	0160-0-1					167	184		167	184
38 U.S.C., chapter 17, section 652; Public Law 93-82.	Sickle cell anemia research	DM & S	0161-0-1				304	148	10	304	148	10
38 U.S.C., chapter 23, section 903(a)	Funeral allowances for death in VA facility.	DM & S	0160-0-1				499	549	604	499	549	604
38 U.S.C., chapter 24, section 1004(b); Public Law 93-43.	National cemetery system construction.	NCS	0110-0-1				4,040	13,600	6,236	19	880	11,127
Do	do	NCS	0111-0-1				929	3,000	7,228	2,457	957	3,019
38 U.S.C., chapter 39, section 1903(a); Public Law 93-538.	Driver training	DM & S	0160-0-1				2,607	1,866	2,250	2,607	1,866	2,250
38 U.S.C., chapter 39, section 1904; Public Law 93-538.	Adaptive equipment and adapted conveyances research.	DM & S	0161-0-1				40	1,175	1,655	40	1,175	1,245
38 U.S.C., chapter 73, section 4101	Post graduate and inservice training.	DM & S	0152-0-1				10,058	11,483	11,483	9,600	11,955	11,483
38 U.S.C., chapter 73, section 4101(a).	Medical research	DM & S	0161-0-1				87,359	89,817	88,873	89,002	89,457	88,873
Do	Medical research-special pay	DM & S	0161-1-1					47			46	
38 U.S.C., chapter 73, section 4101-4104, 4112-4114.	Medical administration	DM & S	0152-0-1				24,433	24,198	24,941	23,620	24,198	24,913
Do	Medical administration-special pay.	DM & S	0152-1-1					381			365	28
38 U.S.C., chapter 73, section 4101(b); 4114(a)(1)(A); 4114(b).	Education and training	DM & S	0160-0-1				176,041	191,652	209,475	176,041	191,652	209,475
38 U.S.C., chapter 73, section 4121-4124; Public Law 92-541.	Regional medical education centers.	DM & S	0160-0-1				1,715	1,886	2,075	1,715	1,886	2,075
38 U.S.C., chapter 81, section 5001-5007	Medical construction	DM & S	0108-0-1							12,728	7,803	
Do	do	DM & S	0110-0-1				247,067	283,364	110,795	67,894	98,243	185,623
Do	do	DM & S	0111-0-1				37,437	87,626	68,100	22,651	59,737	85,053
38 U.S.C., chapter 81, section 5001	General administration-construction program.	D/C	0111-0-1				13,258	15,269	17,233	12,955	16,700	17,400
38 U.S.C., chapter 81, section 5012(b)	Data processing centers construction.	DDM	0110-0-1					500	500		375	250
Do	do	DDM	0111-0-1				270	1,000	500	188	994	120
Do	Space lease	DM & S	0160-0-1				8,415	10,970	12,520	8,415	10,970	12,520
38 U.S.C. chapter 81, section 5031-5037, Public Law 88-450 as amended by Public Law 93-82.	Grants for construction of State nursing home facilities for veterans.	DM & S	0181-0-1	5,000	5,000	Sept. 30, 1979	4,850	5,000	5,000	2,119	4,680	4,330
38 U.S.C., chapter 81, section 5054-5057; Public Law 89-785.	Exchange of medical information.	DM & S	0152-0-1			June 30, 1975	3,000	3,500	3,500	2,950	3,500	3,500
38 U.S.C., chapter 82, section 5070-5074; Public Law 92-541.	Assistance to new State medical schools.	DM & S	0182-0-1	25,000	25,000	Sept. 30, 1979		11,000	9,200	513	13,743	15,830
38 U.S.C., chapter 82, section 5081-5096; Public Law 92-541.	Assistance to affiliated medical schools and other health manpower training institutions.	DM & S	0182-0-1	50,000	50,000	Sept. 30, 1979	10,000	19,000	25,800	5,424	28,733	26,170
Proposed legislation	Reimbursement for nonservice connected hospitalization.	DM & S	0160-2-1						130,000			130,000
Total hospital and medical care for veterans (703).							3,771,176	4,447,850	4,437,298	3,664,689	4,142,276	4,520,990
(704) Veterans housing:												
38 U.S.C., chapter 37, section 1801-1827	Direct loans	DVB	4024-0-3							41,447	−101,000	−210,000
Do	Loan guaranty	DVB	4025-0-3				1,828			71,555	5,000	−161,000
Total veterans housing (704).							1,828			30,107	96,000	−371,000
(705) Other veterans' benefits and services:												
38 U.S.C., chapter 1, section 111	Beneficiary travel	DVB	0151-0-1				590	600	600	590	600	600
38 U.S.C., chapter 1, section 112; Public Law 89-88.	Presidential Memorial Certificate Program.	Staff	0151-0-1				127	141	156	127	141	156
38 U.S.C., chapter 3, section 230	General Administration not otherwise classified.	DVB, DDM and staff	0151-0-1				358,043	387,068	415,336	370,581	383,551	414,900
Do	do	DVB, DDM and staff	0151-1-1					9,700			9,700	
38 U.S.C., chapter 24, section 1000-1007; Public Law 93-43.	National Cemetery System	NCS	0151-0-1				17,967	22,268	26,035	17,967	22,268	26,035
38 U.S.C., chapter 31, section 1501-1502; 1510.	Vocational counseling-disabled veterans.	DVB	0151-0-1				2,276	2,881	2,917	2,276	2,881	2,917
38 U.S.C., chapter 34, section 1663	Vocational counseling-veterans	DVB	0151-0-1				4,132	5,071	4,715	4,132	5,071	4,715
38 U.S.C., chapter 35, section 1761	Dependents	DVB	0151-0-1				1,302	1,501	1,337	1,302	1,501	1,337

VETERANS' ADMINISTRATION, FISCAL YEAR 1977—BUDGET AUTHORITY AND OUTLAYS, BY FUNCTION, SUBFUNCTION, AND AUTHORIZATION FOR PROGRAMS UNDER JURISDICTION OF THE HOUSE AND SENATE VETERANS' AFFAIRS COMMITTEES

Function, subfunction, act, title, and section	Program name	Veterans' Administration: Agency(s)/bureau(s)	Veterans' Administration: Appropriation account number (29-00)	Authorization (dollars in thousands): Fiscal year 1976	Authorization (dollars in thousands): Fiscal year 1977	Authorization termination date	Budget authority (dollars in thousands): Fiscal year 1975 amount	Budget authority: Fiscal year 1976 estimate	Budget authority: Fiscal year 1977 estimate	Outlays (dollars in thousands): Fiscal year 1975 amount	Outlays: Fiscal year 1976 estimate	Outlays: Fiscal year 1977 estimate
38 U.S.C., chapter 36, section 1770-1779.	Payment to State approving agencies.	DVB	0151-0-1				11,124	13,100	14,650	11,124	13,100	14,650
Do	do	DVB	0151-1-1					800			800	
38 U.S.C., chapter 55, section 3201-3204.	Guardian of minors, incompetents and other wards.	DVB	0151-0-1				7,170	8,166	7,812	7,170	8,166	7,812
38 U.S.C., chapter 71, section 4001-4009.	Board of Veterans Appeals	BVA	0151-0-1				5,668	6,182	6,723	5,668	6,182	6,723
38 U.S.C., chapter 75, section 4201-4208.	Canteen service	DM & S	4014-0-3							−304	−1,350	−1,650
38 U.S.C., chapter 81, section 5011	Supply fund operations	DM & S	4537-0-4				20,000			−17,929	12,921	9,400
Do	do	DM & S	4537-1-4					39,001			65,700	
38 U.S.C., chapter 81, section 5012(b)	Space lease	DVB, DDM and staff.	0151-0-1				23,629	28,022	32,602	23,629	28,022	32,602
Do	do	DVB	0151-1-1					2,100			2,100	
38 U.S.C., chapter 83, section 5101-5105; 38 U.S.C., chapter 85, section 5201-5228.	Gifts and bequests; personal property of deceased veterans.	DM & S	8180-0-7				4,001	4,250	4,500	3,873	4,100	4,350
31 U.S.C., section 686	Consolidated Working Fund	DM & S	3901-0-4							−573		
Proposed legislation	Grants for construction and operation of State veterans cemeteries.	NCS	0183-2-1						5,000			4,000
Total other veterans benefits and services (705).							456,029	530,851	522,383	429,633	565,454	528,547
(700) Undistributed	Receipts from the public						−2,107	−2,106	−2,106	−2,107	−2,106	−2,106
Total veterans benefits and services (700).							16,724,782	19,871,750	17,653,613	16,575,046	19,015,912	17,179,179
(902) Other interest	Receipts from the public						−39	−39	−39	−39	−39	−39
Total Veterans' Administration							16,724,744	19,871,711	17,653,574	16,575,008	19,015,873	17,179,140

CIVILIAN AND WAGE BOARD PAYRAISE SUPPLEMENTAL ESTIMATES FOR FISCAL YEAR 1976 INCLUDED IN VA OUTLAY FIGURES
[In thousands of dollars]

	Civilian	Wageboard
Account number:		
29-00-0160-0-1	$68,319	$17,450
29-00-0161-0-1	2,211	
29-00-0152-0-1	642	
29-00-0151-0-1	11,633	388
29-00-0111-0-1	469	
Total	83,274	17,838

Notes.—The total for function 700 (veterans benefits and services) shown in the President's budget (pp. 338-339 and 350-351) includes small amounts from the Department of Defense, the Department of Housing and Urban Development, the Department of the Treasury and the American Battle Monuments Commission. VA Schedule (page –) only summarizes Budget Authority for the payraise supplemental.

CONSOLIDATED REPORT OF THE COMMITTEE ON WAYS AND MEANS

COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., March 15, 1976.

Hon. BROCK ADAMS,
Chairman,
Committee on the Budget,
U.S. House of Representatives.

DEAR BROCK: Pursuant to the requirements of Section 301(c) of the Congressional Budget Act of 1974, I am submitting the report of the Committee on Ways and Means with respect to the fiscal year 1977 budget. The Committee has attempted to provide reasonable estimates and views with respect to those aspects of the budget that fall within the Committee's jurisdiction, as well as legislative initiatives that the Committee may wish to consider. For purposes of consistency and comparability, the estimates of the subcommittees in establishing budget authority and outlays were based on the assumptions used in developing the President's budget. The unified budget receipts presented in this report are based on the economic assumptions prepared by the staff of the Joint Committee on Internal Revenue Taxation.

I trust that you will understand that these are our best estimates of the Committee's prospective actions which would affect fiscal year 1977. At this time, it would appear that the condition of the economy and other relevant factors would influence the final form of legislation that the Committee might approve. However, every effort has been made to be responsive to your request and the Act's requirements.

I, of course, fully support the efforts of the Budget Committee and its implementation of the congressional budgetary process. To this end, you may be assured of my personal availability and the availability of the Committee's staff for any further assistance.

Sincerely,

AL ULLMAN, *Chairman.*

I.—PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE RE-ENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	Comment
None	None				

II.—PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Legislative proposal	President's request		Committee recommendation		
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	Comment
UNEMPLOYMENT COMPENSATION:					
H.R. 8614: Extends U.C. coverage to farm workers, domestic workers and State and local government employees of hospitals and educational institutions. Establishes a Federal benefit standard (50 percent individual AWW minimum/66 2/3 percent State AWW maximum). Increases taxable wage base to $6,000 and temporarily increases the net Federal tax rate to 0.65 percent.	900	300	0 (−900)	0 (−300)	The Committee approved H.R. 10210, an alternate Unemployment Compensation bill, which should be substituted for H.R. 8614. Cost and revenue estimates in the President's budget associated with H.R. 8614 are based on an assumed Jan. 1, 1977, effective date for the coverage, benefit and tax provisions. It is unlikely that legislation expanding U.C. coverage could be implemented before Jan. 1, 1978. As a result, the President's budget for fiscal year 1977 over-estimates new U.C. outlays attributable to H.R. 8614 by $300,000,000.

New revenues in fiscal year 1977:					
Federal		1,000			The President's budget contains $2,100,000,000 in new U.G. revenues attributable to H.R. 8614. It is possible that the increase in the net Federal tax rate proposed in H.R. 8614 (from 0.5 to 0.65 percent) could become effective as of Jan. 1, 1977, and produce an estimated $500 million in new Federal U.C. revenues during fiscal year 1977. However, because it is unlikely that the proposed increase in the U.C. tax base could become effective before Jan. 1, 1978, the President's fiscal year 1977 budget overestimates new U.C. revenue by the $1600 million that would result from raising the tax base.
State		1,100			
Total		2,100			
PUBLIC ASSISTANCE					
Proposed modifications in title XX social services program	40	40	[1] (−40)	[1] (−40)	
SOCIAL SECURITY					
Increase combined OASDI tax rate by 0.6 percent (from 9.9 percent to 10.5 percent) an increase of 0.3 percent each on employer and employee (4.95 percent to 5.25 percent), effective Jan. 1, 1977, and increase the tax rate on self-employed from 7 to 7.9 percent effective for taxable years beginning after Dec. 31, 1976.	3,500		0 (−3,500)		The committee rejected this proposal.
TRADE					
U.S. International Trade Commission; Independent budget and authorization of appropriation required by sec. 175 of Trade Act of 1974 (Public Law 93-618).	12	12	11 (−.2)	11 (−.2)	Reduction is to apply to outlays for immediate staff of the commissioners.

[1] No change.

III. PRESIDENT'S BUDGET REQUESTS FOR REDUCTIONS IN EXISTING PROGRAMS WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Legislative proposal	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
SOCIAL SECURITY					
Eliminate reduced retroactive benefits. Effective Sept. 1976		−388		0 (+388)	The Committee rejected this proposal.
Eliminate monthly retirement test after year of retirement. Effective Sept. 1976.		−155		−155	The committee accepted this proposal.
Phase-out students benefits. Effective beginning July 1976		−283		0 (+283)	The Committee rejected this proposal.
PUBLIC ASSISTANCE					
Simplify the matching formulas used in determining the Federal share for AFDC by adopting for all States the medicaid formula.	−70	−70	[1] (+70)	[1] (+70)	The committee rejected this proposal.
Require that when computing cash benefits to determine eligibility for AFDC that the income of the stepparent should be included.	−37	−37	[1] (+37)	[1] (+37)	The committee rejected this proposal.
Standardize for all States the way in which an AFDC recipient's income and work-related expenses are treated in computing benefits.	−149	−149	−149	−149	
UNEMPLOYMENT COMPENSATION					
The President's budget allows the following programs to expire:					
1. Authority to make Federal general revenue loans to the Virgin Islands UI fund. Expires June 30, 1976.					
Transitional quarter	[2] 2				
Fiscal year 1977	[2] 8				
Total	[2] 10				
2. Special Unemployment Assistance (SUA). Expires Dec. 31, 1976, with tailout through Mar. 31, 1977.	[2] 500				(3).
3. Federal supplemental benefits (FSB). Expires March 31, 1977	[2] 800				
HEALTH					
Pt. A: Federal hospital insurance trust fund	[4] 15,726	13,871–14,171	15,726	(5)	
Pt. B: Federal supplementary medical insurance trust fund	7,312	6,365–	7,312	(5)	
Total	23,038	20,236–20,536	23,038	[5] 22,077	

[1] No change.
[2] Estimated outlay savings resulting from not continuing program through fiscal year 1977.
[3] See section IV.
[4] It should be noted that the outlay figures for pt. A under the President's request are taken not from the President's budget but rather from a fact sheet released by the White House on Feb. 9, 1976. This fact sheet contained refinements in the President's original medicare proposal which changed the recommended net reduction in the medicare program from $2.2 billion to between $1.3 to $1.6 billion.
[5] In making this recommendation, the committee decided to add $200,000,000 to the level of outlays projected under present law. No decision was made to allocate this additional money between the 2 parts of the program. As is explained in the committee narrative, legislative activity in this area will undoubtedly involve much interaction between the 2 parts of the program.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In millions of dollars]

Identify initiative	Budget authority	Outlays	Comment
HEALTH			
National health insurance	+150	+150	Committee contemplates developing legislation providing a system of national health insurance. It is anticipated that such legislation will require the expenditure of $150,000,000 for start-up costs during fiscal year 1977. It should be noted that, in a somewhat analogous situation start-up costs for medicare were more than $86,000,000 for the period between enactment and implementation.
UNEMPLOYMENT COMPENSATION			
1. Enactment of temporary extensions of existing authority.			Pending enactment of H.R. 10210, the committee recommends extension of existing programs in items A and B through fiscal year 1977.
A. Extension of existing temporary authority to make Federal general revenue loans to the Virgin Islands UI fund:			
Transitional quarter		+2	
Fiscal year 1977		+8	
B. Extension of the special unemployment assistance (SUA) program for 1 yr, until Dec. 31, 1977 with tailout through Mar. 31, 1978.		+500	
C. Extension of the Federal supplemental benefits.		+800	
2. Enactment of H.R. 10210, the Unemployment Compensation Amendments of 1975:		0	This is committee alternative to the administration bill, H.R. 8614. H.R. 10210 should be substituted in the budget for H.R. 8614. (Assumes coverage provisions become effective Jan. 1, 1978).
Extends UC coverage to farmworkers, domestic workers and State and local government workers.			
Increases taxable wage base to $8,000 and temporarily increases the net Federal tax rate to 0.7 percent:			
New revenues in fiscal year 1977:			
Federal	500		(Assumes increase in Federal tax rate becomes effective Jan. 1, 1977, and the increase in the taxable wage base becomes effective Jan. 1, 1978). Estimate provided by the Department of Labor.
State	0		
Total	500		
3. Legislation to allow States to supplement with AFDC funds unemployed fathers who receive unemployment compensation.		+335	The intention of the proposed legislation would be to require unemployed fathers to collect any UC benefits to which they are entitled and require States to supplement UC benefits in those cases where the AFDC-UF benefits are higher than the UC benefits. According to the Department of Health, Education, and Welfare, this change would shift an estimated $335,000,000 in AFDC-UF expenditures to the UC trust fund in fiscal year 1977.
PUBLIC ASSISTANCE			
A. Increase $2.5 billion annual entitlement ceiling for States social services programs under title XX of the Social Security Act by $250,000,000 a year.	+250.0	+250.0	H.R. 9803 to provide such increased entitlement is now pending in conference with earmarking of the new $250,000,000 for day care services and provides for use of title XX funds to hire AFDC recipients to work in day care facilities.
B. Supplemental Security Income Amendments of 1975 (H.R. 8911) reported out of Subcommittee on Public Assistance.	+449.4	+449.4	
C. Legislation to allow States to supplement with AFDC funds unemployed fathers who receive unemployment compensation.	−335.0	−335.0	A June 1975 Supreme Court ruling has held that an eligible unemployed father of dependent children who is eligible to receive unemployment compensation or financial aid under AFDC may choose the higher benefits. Current AFDC law prohibits them from receiving both.[1]
Revenue sharing and general purpose fiscal assistance taxable bond option.	+180.6	+180.6	The committee proposes an alternative financial instrument for State and local governments which would provide a 40 percent Federal subsidy of the net interest of a taxable bond. Revenues would be increased by $135,500,000, resulting in a net new budget outlay of $45,100,000.

[1] $445,000,000 is what the administration estimated the fiscal year Federal AFDC cost impact of the decision to be if there is not legislative change. The estimate is based upon January 1975 data from the Bureau of Labor Statistics and HEW, that approximately 186,790 new cases would be shifted from unemployment compensation (extended and regular State programs) to AFDC unemployment rolls. The combined additional cost to Federal and State governments for welfare was estimated to be $810,000,000. These additional welfare costs would at least partially be offset by decreases in unemployment compensation costs. If legislation is enacted to allow States to supplement with AFDC funds unemployed fathers who receive unemployment compensation, there could be an increase in Federal AFDC costs compared to the time prior to the June 1975 Supreme Court decision, but a marked decrease from existing law under the decision. (Supplementation is very roughly estimated to cost ¼ as much as full payments to eligible cases.)

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions]

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
TRADE					
International trade negotiations	$3,540	$3,309	$4,166 (.626)	$3,935 (.626)	Major participating countries in multilateral trade negotiations have agreed on calendar year 1977 as target completion date for MTN. Therefore, bulk of activity will be between November 1976 and fall 1977 including: increased travel between Washington and Geneva; additional technical personnel to assess effect of proceedings on individual industries and commodities; and additional technical experts for sectors negotiations.
General agreement on tariffs and trade	2.186	2.186	2.186	2.186	
Other advancement and regulation of commerce:					
Export development	3.631	3.412	3.631	3.412	
Technical assistance	None	3.638	None	3.638	
International trade policy	1.115	1.048	1.115	1.048	
Technical assistance to firms, including salaries and expenses	1.042	2.107	1.042	2.107	
Financial assistance to firms, including salaries and expenses	13.758	12,690	13,758	12.690	While the committee is not recommending additional budget authority or outlays for adjustment assistance, it is necessary to recognize that the volume of loans to firms authorized under title II of the Trade Act of 1974 is limited by the current interpretation of the statute with respect to interest rates currently applicable to such loans. In sec. 255 of the Trade Act of 1974, the rate of interest on direct loans must reflect an amount adequate in the judgment of the Secretary of Commerce to cover administrative costs and probable losses of the program. Under this provision it is not likely that there will be a very substantial volume of direct loans extended to firms pursuant to the adjustment assistance provisions. The Subcommittee on Trade will examine these provisions of the Trade Act as a part of its oversight functions.

Community adjustment assistance, including salaries and expenses	None	10.408	None	10.408	
Foreign trade statistics	425	423	425	423	
Training and employment:					
Federal administration of employment and unemployment insurance services for workers adversely affected by trade agreements.	1.055	1.044	1.055	1.044	
Job search and relocation allowances and training for workers adversely affected by trade agreements.	2.00	2.00	2.00	2.00	
Other labor services: Trade	1.715	1.700	1.715	1.700	
Unemployment insurance:					
Trade adjustment assistance allowance	120.00	120.00	120.00	120.00	
State administration of unemployment insurance services for workers adversely affected by trade agreements.	4.400	4.400	4.400	4.400	
Federal law enforcement and prosecution: Salaries and expenses: United States Customs Service.	324.059	322.539	324.059	322.539	
Executive direction and management: Salaries and expenses: Office of the Special Representative for Trade Negotiations, Executive Office of the President.	2.370	2.271	2.370	2.271	
SOCIAL SECURITY					
Federal old-age and survivors insurance; HEW-SSA	71,812.031	[1] 73,595.306	----------	+50	The Office of Actuary has indicated that $50,000,000 more in administrative costs will be incurred by the combined OASI and DI programs.
Federal disability insurance; HEW-SSA	9,525.000	[1] 11,252.292	----------	----------	Budget estimates concerning social payments that are financed from general revenue are renewed by the Appropriations Committee.
Interest: Interest on the public debt	45,000.000	45,000.000	48,000.000 (+3,000.000)	48,000.000 (+3,000.000)	Administration assumes short-term interest rate of 5.5 percent which the committee thinks is too low.

[1] The estimates of outlays assume a 6.7 percent cost-of-living benefit increase payable for June 1976. The actual amount of the benefit increase will not be determined until the CPI increase for the 1st calendar quarter of 1976 is available in April.

NARRATIVE APPENDIX

Subcommittee on Trade

CHANGES IN CUSTOMS RECEIPTS

The Subcommittee on Trade is considering favorably reporting a number of tariff bills which, if enacted, would have a minimal impact on customs receipts for Fiscal Year 1977.

Bills presently pending before the Subcommittee on Trade on which public hearings have been held cover proposed duty-free entry or suspension of duty on imports of individual products or changes in tariff classification of limited product scope.

The only major legislation pending before the Subcommittee on Trade with implications for customs receipts is H.R. 9220, the proposed Customs Modernization Act. The Subcommittee on Trade has not had the opportunity to examine in detail the bill and its receipts or budget outlay implications for future fiscal years. In this regard, the Subcommittee on Trade believes that no administrative action should be taken to implement by regulation the duty assessment by account provision provided for in H.R. 9220. This method of duty collection being considered by the Treasury Department would permit delayed payment of duties presently assessed and payable on the date of liquidation of the import entry. Such delayed payment of duties, in effect, could constitute under certain circumstances an interest free loan to importers.

EFFECT OF INDIVIDUAL TARIFF BILLS ON CUSTOMS RECEIPTS

The Subcommittee on Trade will report and it is anticipated that the Committee on Ways and Means will favorably consider and report tariff bills which will result in revenue changes for Fiscal Year 1977 totalling no more than $2,910 thousand.[1] Of this total, $77 thousand is a one-time revenue change. The following projection for five fiscal years of revenue changes resulting from these bills, some of which terminate before the end of the period, is as follows, estimated on the basis of 1974 or 1975 import levels:

Fiscal year:	[*In thousands*]
1977	$2, 910
1978	2, 830
1979	2, 585
1980	2, 585
1981	2, 585

It should be noted that two of these tariff bills provide for the continuation of existing suspensions of duty. If enacted, they would not result in any additional loss of revenues; if they are not enacted, revenues would increase by a total of $4,293 thousand in Fiscal Year 1977.

[1] These tariff bills are H.R. 1386, H.R. 2177, H.R. 2181, H.R. 8656, H.R. 9401, H.R. 11259, H.R. 11321, H.R. 11605, H.R. 12033, and H.R. 12254.

68-249 O - 76 - 35

Contingency estimate.—Other tariff bills under current Subcommittee consideration which might be favorably reported would involve no greater reduction in customs receipts than $7.5 million in Fiscal Year 1977.

CHANGES IN CUSTOMS RECEIPTS RESULTING FROM CONGRESSIONAL PROCEDURES WITH RESPECT TO PRESIDENTIAL ACTIONS

Under Chapter 5 of Title I of Public Law 93–618, the Trade Act of 1974, Congress established certain procedures with respect to certain Presidential actions in the trade area. These provisions anticipate automatic consideration by both Houses of Congress of bills and resolutions implementing, approving, or disapproving certain actions by the President, and in one instance the Secretary of the Treasury, which could change customs receipts.

In general it is not anticipated that the Congress will be called upon to approve an implementing bill or approval resolution with respect to one or more trade agreements submitted to the Congress under Section 102 of the Act involving revenue changes during FY 1977.

It is not possible to indicate at this time whether the Congress will be asked to consider a resolution approving the extension of nondiscriminatory treatment to a non-market (Soviet bloc) country. It is not likely, however, that should such an approval resolution be considered favorably that the reduced customs receipts (resulting from the application of lower rates of duty to imports from the country involved) would be at all significant in terms of the over-all budget impact.

It is also not possible to indicate whether the President will ask the Congress to extend beyond July 3, 1976 the Trade Act Title IV freedom of emigration waiver, which allows extension of nondiscriminatory (most-favored-nation) treatment to imports of products from Romania. Should the Congress not be asked to extend the waiver (resulting in withdrawal of MFN treatment on imports from Romania), TSUS column 2 tariff rates would be restored. In the first full year of their application, it is estimated that revenues would be increased by approximately $5.0 Million.

In terms of resolutions disapproving certain actions by the President under the Trade Act of 1974, it is not possible to anticipate the change in customs receipts, if any, which may be involved in such action by the Congress.

As indicated above, the automatic consideration of resolutions disapproving certain action authorized under the Trade Act of 1974 and other trade statutes is required under Section 152. The Act provides for such disapproval resolutions which could have a revenue impact in terms of:

action by the President to provide import relief under section 203 of the Trade Act,

actions taken by the President under section 301 ot the Trade Act relating to certain trade practices of foreign governments,

actions by the Secretary of the Treasury under section 303 of the Tariff Act of 1930 (the countervailing duty provision) and

actions by the President relating to the extension of nondiscriminatory treatment to imports from certain non-market countries.

In general, it is anticipated that the revenue impact of the implementing bills, approval resolutions, and disapproval resolutions provided for in sections 151–153 will not be significant in terms of FY 1977.

Again in general, this should be the case for future fiscal years. However, any action by the Congress under the provisions of sections 151–153 which would involve substantial changes in revenue would undoubtedly be anticipated and appropriately reported and provided for under the procedures of the Budget Act.

The above circumstances suggest that consideration be given to an amendment in the requirements of the Budget Act which would in effect provide for special treatment of actions by the House under sections 151–153 of the Trade Act of 1974.

SUBCOMMITTEE ON HEALTH

Under existing law, budget authority, medicare benefit and administrative outlays are estimated for fiscal year 1977 at $21.9 billion. Of this amount, benefit payments account for $21.0 billion. This represents an increase of 19 percent over fiscal year 1976 benefit payments. The primary factor accounting for this increase is inflation in health care costs. As indicated in the table, $15.4 billion in outlays are estimated under hospital insurance (part A), and $6.5 billion under supplementary medicare insurance (part B), for fiscal year 1977.

The Administration's medicare proposals, as set forth in the President's Budget for fiscal year 1977, would reduce medicare outlays an estimated $2.2 billion in fiscal year 1977. This reduction in outlays is the estimated net effect of several interrelated features of the Administration's proposal, some of which would increase medicare protection for certain beneficiaries (by establishing a maximum cost-sharing liability of $500 per calendar year under hospital insurance and $250 per calendar year under medical insurance), and others of which would offset the cost of this additional protection by increasing beneficiary cost-sharing liability (by requiring beneficiaries to pay coinsurance equal to 10 percent of hospital charges above the deductible amount and increasing the part B deductible from $60 to $77 and thereafter increasing it by the same percentage as cash benefit increases), and by limiting the yearly increases recognized as reasonable by medicare—in the case of hospital costs to 7 percent, and in the case of physician charges to 4 percent.

Although the President's budget document forecast a reduction in fiscal year 1977 outlays of $2.2 billion, a February White House press release stated that in fiscal year 1977 an additional $590 to $890 million in increased outlays would have to be added to the initial estimate of the outlays attributed to the annual limits on beneficiary cost-sharing. Thus under the Administration's revised cost estimated for its proposal, the reduction in outlays for fiscal year 1977 would be between $1.3 and $1.6 billion for fiscal year 1977 (rather than a reduction of $2.2 billion).

As a result of its consideration of possible legislative action affecting medicare outlays in fiscal year 1977, the Committee tentatively rejected the President's overall proposal, concluding instead that certain features of that proposal in combination with certain other contemplated changes in medicare would represent a more desirable and

equitable legislative program. The general approach now under Committee consideration could include the following elements: Provision for catastrophic illness protection by limiting a beneficiary cost-sharing liability for hospital and medical benefits, providing for certain needed liberalizations in the skilled nursing home and home health provisions (for example, eliminating the prior hospitalization requirement), and removing the present limitation on the number of covered hospital days. (Such improved protection could be provided, it is believed, without adding to a beneficiary's out-of-pocket co-insurance payments as is provided for in the Administration proposal.) Some limitation, set at a more reasonable and appropriate level than is provided for in the Administration's proposal, might be placed on increases in hospital costs recognized as reasonable by medicare (thus allowing for necessary improvements in services but introducing responsible restraints on the rate of increasing hospital costs) with provision for the phasing-in over time of an improved medicare reimbursement system designed to restrain the escalation of hospital costs over the long-run. Similarly, provision might be made for the introduction of incentives for physicians to accept assignment and to move toward the development of a more equitable and less inflationary method of reimbursement for physicians' services.

The Committee estimates that the general approach discussed above would involve a cost of about $200 million beyond the currently projected cost of medicare for fiscal year 1977. (The cost for fiscal year 1977 does not, of course, represent a full year's cost since some of the changes would be effective for only three-fourths of the fiscal year. Thus, the estimated cost on a full year basis, would be higher.)

In view of the flexibility the Committee wishes to retain in developing the specific details of this proposed approach, it would not be useful at this time to attempt to precisely delineate the allocation of the projected additional outlays between the two trust funds. Moreover, because even relatively minor changes in one part of the program could significantly alter the outlay for the other part of the program without producing a comparable change in overall outlays of the medicare program, an allocation would not be meaningful until the proposal is fully developed.

SUBCOMMITTEE ON UNEMPLOYMENT COMPENSATION

Format II: President's Budget Requests for New and Expanded Programs Which Would Require Authorizing Legislation for FY 1977

The President's budget includes H.R. 8614, the Unemployment Compensation Amendments of 1975. Cost and revenue estimates in the President's budget associated with this legislation are based on an assumed 1/1/77 effective date for the coverage, benefit and tax provisions.

The position of the Committee is that H.R. 10210, the unemployment compensation legislation approved by Ways and Means in December 1975, be substituted in the budget for H.R. 8614.

It is the Committee's view that some of the effective dates contained in the Budget for H.R. 8614, or similar U.C. legislation, are unrealistic. It is unlikely that legislation expanding U.C. coverage could be implemented before 1/1/78. As a result, the President's Budget for FY 1977 overestimates U.C. outlays by the $300 million in new costs

attributable to the coverage provisions in H.R. 8614. The President's Budget contains $2,100 million in new U.C. revenues attributable to the tax changes in H.R. 8614. It is possible that the proposed increase in the net Federal tax rate in H.R. 8614 (from 0.5% to 0.65%) could become effective as of 1/1/77 and produce an estimated $500 million in new Federal U.C. revenues during FY 1977. However, because it is unlikely that the proposed increase in the U.C. tax base (from $4,200 to $6,000) could become effective before 1/1/78, the President's FY 1977 budget overestimates new U.C. revenues by the $1,600 million that would result from raising the tax base.

Format IV: Legislative Initiatives of Congress for FY 1977

ITEM NO. 1: H.R. 10210, The Unemployment Compensation Amendments of 1975.

The Committee recommends that H.R. 10210, the Unemployment Compensation Amendments of 1975, be substituted in the Budget for H.R. 8614.

The Budget estimates associated with H.R. 10210 should be based on assumed effective dates of 1/1/78 for the coverage provisions, 1/1/78 for the proposed increase in the taxable wage base, and 1/1/77 for the temporary increase in the net Federal tax rate. On the basis of these effective dates, it is estimated by the Department of Labor that in FY 1977 there would be no additional outlays attributable to H.R. 10210, no increase in State U.C. revenues and $500 million additional Federal U.C. revenues.[1]

ITEM NO. 2: Extension of Existing Temporary Authority To Make Federal General Revenue Loans to the Unemployment Insurance Fund of the Virgin Islands (P.L. 94–45).

The Committee recommends that the present temporary loan authority be continued until enactment of H.R. 10210. It is estimated by the Department of Labor that a one-year extension of this loan authority would cost $2 million during the transitional quarter, $8 million in FY 1977, and $2 million in the 1st quarter of FY 1978.

ITEM NO. 3: Extension of the Special Unemployment Assistance (SUA) Program for One Year (P.L. 93–567, P.L. 94–45).

The Committee anticipates that the SUA program will be extended for one year. The Department of Labor estimates that a one-year extension of SUA (until December 31, 1977 with tailout through March 31, 1978) would cost an additional $500 million in FY 1977 and $300 million in FY 1978.[1]

ITEM NO. 4: Extension of the Federal Supplemental Benefits (FSB) Program Through FY 1977 (P.L. 93–572, P.L. 94–45).

The Committee recommends that $800 million be added to the President's budget anticipating that FSB will be extended—with possible modifications—through FY 1977, or until September 30, 1977.[1]

ITEM NO. 5: Legislation to Allow States to Supplement With AFDC Funds Unemployed Fathers Who Receive Unemployment Compensation.

(See comments on this proposed legislation in the budget report of the Subcommittee on Public Assistance.)

The Committee anticipates the enactment of legislation which would require unemployed fathers to collect any U.C. benefits to which

---

See footnote 1, p. 542.

they are entitled and require States to supplement U.C. benefits in those cases where the AFDC-UF benefits are higher than the U.C. benefits and the individual meets AFDC-UF eligibility requirements. According to estimates provided by the Department of Health, Education, and Welfare, the fiscal impact of this change would be to shift an estimated $335 million in AFDC-UF expenditures to the U.C. trust funds in FY 1977.

Items For Which Formats Are Not Furnished.

(1) The recommended extension of existing authority to make Federal general revenue loans to the U.I. funds of the Virgin Islands would cost an estimated $2 million during the transitional quarter.

(2) The Budget should reflect an additional $2,435 million (above the amount in the President's Budget) in Federal general revenue loans to the U.C. trust funds that will be required in FY 1977.[1]

SUBCOMMITTEE ON PUBLIC ASSISTANCE

Tax expenditures

The tentative consensus of the conference on H.R. 9803 dealing with child care would indicate a probable extension and restructuring of welfare recipient tax credit. The Senate Finance Committee estimated the cost of this at $13 million for fiscal year 1977 including some grants and refundable tax credit items. A probable tax expenditure for this item would appear to be between $5 and $10 million in fiscal year 1977.

Budget estimates of appropriations

We wish to call attention to the probable inadequacy of the estimates for fiscal year 1977 for the programs of aid to families with dependent children and supplemental security income which are contained in the President's budget. The appropriations for these programs are within the jurisdiction of the Appropriations Committee, and there has been no reason for the Committee on Ways and Means, as the authorizing committee, to be concerned about the amounts appropriated, as they have been treated as "uncontrollable" items, and any insufficiency has been made up in a supplemental appropriation near the end of the fiscal year. It isn't clear that this situation continues to exist under the Budget Act as a large supplemental might well exceed the expenditures ceiling. It is for this reason that we are flagging these items.

The Congressional Budget Office has estimated that on "Path B" (a 5 percent growth in Gross National Product) the program costs would be $6.5 billion and $6.2 billion respectively. In contrast, the President's budget estimates the cost of $6.2 billion and $5.9 billion. This is a difference of $300 million in each item or a total of $600 million. Actually, the "Path B" estimate would appear conservative since it allows for a little more than 10 percent growth in AFDC program costs. The latest published data, September 1974 to Sep-

[1] The outlay and revenue estimates shown here were provided by the Department of Labor and reflect the assumptions used in the President's budget. The major assumptions used in the budget with respect to unemployment compensation costs and revenues include: (1) average total unemployment rate of 7.1 percent through fiscal year 1977; (2) average insured unemployment rate of 5 percent through fiscal year 1977; (3) covered employment of 66.8 million jobs; (4) overall average weekly benefit amount under the regular, extended, and Federal supplemental benefits programs of $75; (5) average weekly benefit amount under the FSB program of $72; and (6) average weekly benefit amount under SUA program of $56.

tember 1975, shows a growth in payments of 19.8 percent. We would also call attention to the estimate for social services under Title XX which is $2.4 billion in the President's budget and $2.5 billion in the Congressional Budget Office estimates. We would urge that the Appropriations Committee and the Budget Committee very carefully examine the figures in the budget.

SUBCOMMITTEE ON SOCIAL SECURITY

According to the President's Budget, under existing law the fiscal year 1977 revenues into the social security (OASDI) trust funds are estimated to be $81.3 billion and outlays are estimated to be $84.8 billion.

The Administration recommended increasing revenues into the trust funds by an estimated $3.5 billion in fiscal year 1977 by the adoption of an 0.6% increase in the OASDI tax rate (0.3% each on employer and employee). The Committee on Ways and Means rejected this proposal.

The Administration recommended reducing outlays from the trust funds by an estimated $826 million in fiscal year 1977 through the adoption of the following changes in the law:

(1) Phase out students' benefits effective beginning July 1976 (reducing outlays by $283 million);

(2) Eliminate retroactive benefit payments that result in an actuarial reduction, effective September 1976 (reducing outlays by $388 million);

(3) Eliminate the monthly test of retirement after the year in which an individual first retires, effective September 1976 (reducing outlays by $155 million).

The Committee rejected the first two of these proposals, which together would have resulted in reducing expenditures by $671 million, and accepted the third proposal to eliminate the monthly retirement test.

ECONOMIC ASSUMPTIONS, RECEIPTS AND BUDGET DEFICIT

A. Economic assumptions

The staff economic estimates for calendar years 1976 and 1977 are shown in the following table:

	Calendar year (billions)	
	1976	1977
Gross national product:		
Current prices	$1,685	$1,882
Constant prices	1,260	1,315
Corporate profits	155	185
Personal income	1,385	1,540
Change in consumer price index (percent)	+6.5	+7.3
Unemployment rate (percent)	7.7	7.0

B. Budget receipts

Revenue estimates for fiscal year 1977 based on the preceding economic estimates are shown in the next table by major revenue sources. The estimates do not include the effects of any legislative proposals that would be designed to go into effect during the transition

quarter or fiscal year 1977: neither the Administration's proposals, nor the continuation of the tax cuts that will expire after June 30, 1976, under present law, nor the effects in fiscal year 1977 of the reform aspects of the Tax Reform Act passed by the House last December.

Source:	*Dollars in billions*
Individual income taxes	$174. 4
Corporation income taxes	56. 1
Social insurance taxes	107. 0
Excise taxes	17. 7
Estate and gift taxes	5. 9
Customs duties	4. 3
Other [1]	6. 8
Total	372. 2

[1] Does not include $.3 billion from import fees on petroleum currently in the courts. Staff exclusion of this amount from the estimates is comparable to assumption of present law for all other estimates and implies no judgment about the outcome of the matter in the courts.

The estimates of tax expenditures by the staff of the Joint Committee on Internal Revenue Taxation are contained in the attached pamphlet. The major difference for fiscal year 1977 between the staff estimates and the Administration's budget estimates (Special Analysis F) is the staff's inclusion of four tax expenditure items omitted from the budget: deferral of tax on income of controlled foreign subsidiaries, deduction by cooperatives of noncash patronage dividends, asset depreciation range (ADR) and capital gains at death.

C. Tax expenditures

Further changes in tax expenditures may result from enactment of two tax bills, one of which is the Tax Reform Act (H.R. 10612) that includes sections dealing with tax reform and general tax cuts.

The second bill is included in the committee's legislative plans for this year. It is legislation that would provide a Federal subsidy of 40 percent of the interest cost on State and local government issues of taxable bonds. The issuing government would be able to choose between tax-exempt and taxable bonds, and the Federal Government would not impose conditions on the issue of those bonds. This bill would affect both outlays and receipts. According to estimates prepared for the committee, the staff projects a decrease in tax expenditures attributed to the revenue loss from tax-exempt bonds of $135.5 million and an increase in outlays of $180.6 million. The net result is an increase in outlays of $45. 1 million.

D. Change in deficit

The net effect of all the changes contemplated by the committee in budget outlays and receipts that are within its jurisdiction is a change in the budget deficit from $43.0 billion proposed in the President's budget to the range of $45.5 to $45.8 billion. This is the result of a net increase in outlays of $7.3 to $7.6 billion which is derived from the accompanying tables on budget authority and outlays. Net changes in receipts are an increase of $4.7 billion.

The effect of revenue changes on unified budget receipts for purposes of determining the change in the budget deficit, are summarized in the following table:

	Billions
Administration unified budget receipts	$351.3
Add net change from administration's proposed legislation	+22.8
Deduct—	
Committee proposal for tax reduction through 1977	−17.3
Revenue loss from different economic estimates	−1.6
Add—	
Estimated increase from Tax Reform Act (H.R. 10612)	+.6
Estimated increase from committee's reported unemployment compensation bill	+.5
Estimated changes in receipts from other bills [1]	−.3
Adjusted unified budget receipts	356.0

[1] Changes include bank holding companies (−$100,000,000), miscellaneous tax bills (−$45,000,000), taxable bonds issued by State and local governments (+$135,000,000), and miscellaneous other adjustments of $300,000,000.

94TH CONGRESS, 2D SESSION

MEMBERS

SENATE
RUSSELL B. LONG, LA., CHAIRMAN
HERMAN E. TALMADGE, GA.
VANCE R. HARTKE, IND.
CARL T. CURTIS, NEBR.
PAUL J. FANNIN, ARIZ.

HOUSE
AL ULLMAN, OREG., VICE CHAIRMAN
JAMES A. BURKE, MASS.
DAN ROSTENKOWSKI, ILL.
HERMAN T. SCHNEEBELI, PA.
BARBER B. CONABLE, JR., N.Y.

Congress of the United States
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION
1015 LONGWORTH HOUSE OFFICE BUILDING
Washington, D.C. 20515

LAURENCE N. WOODWORTH
CHIEF OF STAFF

HERBERT L. CHABOT
ASSISTANT CHIEF OF STAFF

BERNARD M. (BOB) SHAPIRO
ASSISTANT CHIEF OF STAFF

March 15, 1976

Honorable Brock Adams
U.S. House of Representatives
Washington, D. C. 20515

Dear Mr. Adams:

The following material is the report by the Joint Committee on Internal Revenue Taxation to the Budget Committee on matters within its jurisdiction.

The economic estimates prepared by the Joint Committee's staff for calendar years 1976 and 1977 are shown in the following table.

	Calendar year (billions)	
	1976	1977
Gross national product		
Current prices	$1,685	$1,882
Constant prices	1,260	1,315
Corporate profits	155	185
Personal income	1,385	1,540
Change in consumer price index	+6.5%	+7.3%
Unemployment rate	7.7%	7.0%

Revenue estimates for fiscal year 1977 based on the preceding economic estimates are shown in the next table by major revenue sources. The estimates do not include the effects of any legislative proposals that would be designed to go into effect during fiscal year 1977: neither the administration's proposals, nor the continuation of the tax cuts that will expire after June 30, 1976, under present law, nor the effects in fiscal year 1977 of the reform aspects of the Tax Reform Act passed by the House last December.

Congress of the United States
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION
Washington, D.C. 20515

Honorable Brock Adams
Page two

Source	($ billions)
Individual income taxes	174.4
Corporation income taxes	56.1
Social insurance taxes	107.0
Excise taxes	17.7
Estate and gift taxes	5.9
Customs duties	4.3
Other 1/	6.8
	372.2

1/ Does not include $.3 billion from import fees on petroleum currently in the courts. Staff exclusion of this amount from the estimates is comparable to assumption of present law for all other estimates and implies no judgment about the outcome of the matter in the courts.

Estimates of tax expenditures prepared by the staff of the Joint Committee are contained in the enclosed pamphlet. (I believe that the Budget Committee rode the jacket and has on hand an ample supply.) The major differences for fiscal year 1977 between the staff estimates and the administration's budget estimates (Special Analysis F) is the staff's inclusion of four tax expenditure items omitted from the budget: deferral of tax on income of controlled foreign subsidiaries of U.S. corporations, deduction of noncash patronage dividends by cooperatives, asset depreciation range (ADR) and capital gains at death.

Sincerely yours,

Laurence N. Woodworth

Laurence N. Woodworth

Enclosure

ESTIMATES OF FEDERAL TAX EXPENDITURES

PREPARED FOR THE

COMMITTEE ON WAYS AND MEANS

AND THE

COMMITTEE ON FINANCE

BY THE STAFF

OF THE

JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

MARCH 15, 1976

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1976 JCS-5-76

TAX EXPENDITURES

Introduction

This report on tax expenditures, the fourth one prepared by the staff of the Joint Committee on Internal Revenue Taxation, is published as part of the reports by the Joint Committee to the Committees on the Budget. As in the case of the three earlier reports,[1] the estimates in this report also were prepared with the extensive assistance of the staff of the Office of Tax Analysis in the Treasury Department. Initially the reports were prepared in compliance with the request of conferees on the Revenue Act of 1971 that tax expenditure data be submitted regularly to Congress by the Joint Committee staff.

In January, the administration published its estimates of tax expenditures for fiscal years 1975–77 in Special Analysis F of the budget for fiscal year 1977.[2]

This report covers the period of the fiscal years 1975–81, and it also differs in some other respects from the special analysis presented in the budget. Four tax expenditure items, included in this report (as well as in the CBO report [3]) were omitted from the administration's special analysis—asset depreciation range, deferral of tax on income of controlled foreign subsidiaries, capital gains at death, and deductions by cooperatives of noncash patronage dividends. The staff of the Joint Committee generally has assumed that provisions in present law with expiration dates will not be extended or otherwise modified and no other changes will be made in present law. The one exception is the assumption by the staff that the minimum and percentage standard deductions as enacted in the Revenue Adjustment Act of 1975 will remain in effect through fiscal year 1981.

THE CONCEPT OF TAX EXPENDITURES

Tax expenditure data are intended to show the cost to the Federal Government, in terms of revenues it has foregone, of tax provisions that either have been enacted as incentives for the private sector of the economy or have that effect even though initially having a different objective. The tax incentives usually are designed to encourage certain kinds of economic behavior as an alternative to employing direct expenditures or loan programs to achieve the same or similar objectives. These provisions take the form of exclusions, deductions, credits, preferential tax rates, or deferrals of tax liability. Tax expenditures also are analogous to uncontrolled expenditures made through individual entitlement programs because the taxpayer who can meet the criteria specified in the Internal Revenue Code may

[1] Committee on Ways and Means, *Estimates of Federal Tax Expenditures,* October 4, 1972, June 1, 1973, and July 8, 1975.

[2] "Tax Expenditures," Special Analysis F, *Special Analyses of the Budget of the United States Government for Fiscal year 1977,* pp. 116–137.

[3] The Congressional Budget Office published tax expenditures estimates for fiscal years 1976–81 (prepared by the Joint Committee staff) in *Five-Year Budget Projections,* fiscal years 1977–81, January 26, 1976.

use the provision without any further action by the Federal Government. For many provisions, the revenue loss is determined by the taxpayer's level of income and his tax rate bracket. From the viewpoint of the budget process, fiscal policy and the allocation of resources, uncontrollable outlays or receipts restrict the range of adjustments that can be made in public policy.

The staff followed the definition of tax expenditures developed in the legislative process that produced the Budget Control Act and has included in this report as tax expenditures virtually all tax provisions which have been characterized as tax expenditures under almost any of the prior listings by other sources. As a result, listing an item as a tax expenditure in this report is a part of a process of providing information, and the listing becomes a catalog of past public policy decisions accompanied by estimates of their effects upon budget receipts. No judgment is made about the desirability of any specific provision as public policy or about the effectiveness of the tax approach relative to other methods of achieving the particular public policy goals desired.

In this report, a tax expenditure is described as a tax incentive that departs from simply allowing as deductions from gross income the costs incurred in earning net income. This allows deductions for current expenditures directly related to the process of earning income, and therefore these expenditures are not treated as tax expenditures. These deductions are treated as business costs, and they are deducted on returns filed by corporations, partnerships and individual proprietorships. Capital costs by their nature are not incurred entirely in one year. The basic tax provision allows depreciation ratably (i.e., straight-line depreciation) over the useful life of the capital asset, but tax law also permits accelerated depreciation to allow faster capital recovery through shorter lives and/or faster rates of depreciation. Such faster tax treatment of capital costs is classified as a tax expenditure; in this report, those items appear as various types of accelerated depreciation: asset depreciation range (ADR), percentage depletion allowances (in excess of cost depletion), and current expensing of costs that otherwise would be capitalized.

Individuals who are employees—rather than carrying on their own businesses—have analogous business-type deductions which also are not classified in this report as tax expenditures. The expenses referred to are those which are incurred in earning net income, e.g., the cost of his tools that a mechanic uses. Most other deductions which individuals take on their tax returns represent personal consumption expenditures. These deductions reflect public policy decisions to facilitate specific types of consumption spending and are therefore generally classified here as tax expenditures. An exception to this rule is made for general personal exemptions and the minimum standard deduction which have not been treated as tax expenditures in any analysis of the subject or in the Budget Control Act. Individual tax expenditures also include various kinds of income, e.g., social security payments to the aged, dependents and survivors, which are tax-exempt income but would become components of adjusted gross income from which taxable income is derived in the absence of the provision for tax exemption.

As indicated previously tax expenditures enumerated in this report differ from the items covered in Special Analysis F of the Budget for

Fiscal Year 1977 in that this report includes ADR, deferral of income of controlled foreign corporations, taxation of capital gains at death, and deduction by cooperatives of noncash patronage dividends.

Accelerated depreciation allows the taxpayer to recover the costs of his investment more quickly than is possible through straight-line depreciation over the useful life of the asset that is listed in the guideline lives. There are two forms of accelerated depreciation. Asset depreciation range (ADR) permits cost recovery in a shorter period of time than the guideline lives, up to 20 percent shorter. Accelerated depreciation also provides for higher proportionate depreciation in the first years of an asset's useful life through double or 150 percent declining balance and sum-of-the-year's digits.

Usually it is suggested that income of controlled foreign corporations is deferred for tax purposes in order to permit U.S. corporate subsidiaries to compete as tax equals in foreign countries without the disadvantage of having additional taxes imposed by the U.S. Government. The deferment, however, reflects a specific decision on public policy which qualifies it as a tax expenditure. In this way it is treated like the portion of income earned abroad by individuals that is excluded from taxable income. The exclusion is favored by the proponents of the provision as a way to encourage individuals to work abroad in subsidiaries of U.S. corporations. To a substantial extent the income of foreign corporations is taxed currently in subpart F, and in a similar way foreign personal holding companies also are taxed currently. Of course, dividends from foreign subsidiaries generally are also taxed when received by the U.S. shareholder, but this may be much later than when the income is earned. The Tax Reduction Act of 1975 made permanent changes in the foreign tax area which substantially reduced deferral of foreign source income.

Capital gains accrued on assets up to the time of death are not taxed at the time the assets are passed on to the heirs. At the time of the transfer, the heirs receive the assets with a step-up in basis, that is, their basis is the valuation of the asset at approximately the time they take possession. When the heir assumes possession of the asset with a current basis, he is in the same position for tax purposes as he would have been had he purchased the asset at the current market price. Some argue that unrealized capital gains generally should be included in tax expenditures as a recognition of the deferral of tax that is occurring, but they are not so included in this report. However, capital gains at death are included since the absence of any tax on the gains at death (and the provision for a step-up in basis at that time) converts the deferral into a permanent exemption from taxation. On the other hand it is recognized that many view the estate tax which is imposed at the time of death as a substitute for the tax on capital gains at death. The estimate of the capital gains at death is based on the assumption that the income tax, including the capital gains tax, is paid before the estate tax and reduces the estate tax base as do all other income tax payments on behalf of an estate. The net decrease in estate taxes is not included as an offset to the tax expenditure. The administration's estimates of $4.8 billion in fiscal year 1975, $5.0 billion in fiscal year 1976 and $5.4 billion in fiscal year 1977 allow for the offset in revenues from reduced estate taxes.

68-249 O - 76 - 36

Members of cooperatives receive patronage dividends which are based on the net income earned by the cooperatives. All patronage dividends are not paid in cash each year, but a substantial portion is retained by the cooperative and is paid in cash in subsequent years. Cooperatives, however, may deduct the cash and noncash patronage dividends so long as 20 percent of the dividend is paid in cash and the patron has agreed to include the entire dividend in his income. Per unit retains are amounts withheld from the price paid to patrons by marketing cooperatives and may be deducted by the cooperative, if the patron agrees to include the amount in his income. Other rules apply to deductions taken by cooperatives for dividends on capital stock and to rural electric and telephone cooperatives. The deductions for noncash dividends are considered tax expenditures because they are special benefits available to the cooperative form of business that are not available to private enterprises performing the same economic activities.

A number of tax provisions are not treated as tax expenditures. The general tax rate structure is not part of tax expenditure analysis: the structure of graduated tax rates and taxable income brackets in the individual income tax and separate tax structures for single persons, married persons filing separately, heads-of-households and income splitting for married persons. Other such items are the personal exemption—one per taxpayer and dependent—and the minimum standard deduction. On the other hand included as tax expenditures are the additional personal exemptions for the aged and blind, itemized personal deductions, and the excess of the percentage standard deduction over the minimum standard deduction.

In the business tax area, the combined corporate normal and surtax tax rate is not classified as a tax expenditure. The surtax exemption is treated as a departure designed to foster small corporations and therefore is treated as a tax expenditure.

There is no provision for negative tax expenditures, and no provisions are classified as disincentives. Thus, the corporate surtax rate is treated as the basic provision and not a departure from the normal tax. The limitation on the deduction of a net long-term capital loss is a limit to the incentive made available through the special treatment for capital gains.

Imputations of income in kind received from the services of durable assets are not treated as income in the tax code and are not here classified as tax expenditures. They might be considered as income under other concepts of income for tax purposes. Measurement of the imputed income-in-kind would be a formidable task. The imputed income from an owner-occupied home is the most prominent of these items, and among the others are the income that could be imputed to household furniture and appliances, books and art collections and automobiles. Food stamps are a form of income in kind that also is omitted from this listing.

Foreign tax credits are not classified here as tax expenditures since they are generally considered as the way of taking into account the interrelationship of domestic and foreign tax systems. In addition this analysis does not attempt to go behind the current legal acceptance and attribution of payments by U.S. corporations to foreign governments as taxes (e.g., it does not attempt to treat any as royalties as in the case

of oil income), when the payments are designated in that way by those governments. Treating credits for some of these payments as tax expenditures might be appropriate, but they would be difficult to measure.

MEASUREMENT OF TAX EXPENDITURES

Estimates of tax expenditures are difficult to determine and are subject to important limitations.

Each tax expenditure is measured in isolation. The amount of the deduction is added back in the calculation of taxable income, which raises its level. The difference in tax liabilities between the existing structure of tax rates and this new higher level of tax liabilities is taken as the amount of the tax expenditure. For this computation and in keeping with the general practice of revenue estimating, it is assumed that nothing else changes: neither the behavior of the taxpayer, nor the economic variables that might signal an adjustment in business behavior, nor tax, fiscal or monetary policies. The estimates also do not take into account any effects that the removal of one or more of the items might have on investment patterns, consumption, or other aspects of economic activity. In other words, the estimates shown do not take into account the induced effects of changing the provisions. Repeal of a provision, therefore, would not necessaily raise the revenue associated with removal of that provision.

There are other aspects of this kind of analysis.

First, if two or more items were to be eliminated, the result of the combination of changes being made at the same time might produce a lesser or greater revenue effect than the sum of the amounts shown for each item separately. This is why totals are not shown for table 1, except in a footnote.

Second, in some cases if a tax expenditure item were to be eliminated, it is probable that Congress would, at least to some extent, desire to deal with the underlying problem by a direct expenditure or loan program. The effect of any such program is not taken into account in the estimates shown. A direct expenditure could become a tax expenditure if it takes the form of a payment to an individual or business that is not included in income subject to taxation. In addition, if some of these provisions were removed from the tax laws, this removal might be accompanied by revisions in tax rates, personal exemptions or the minimum standard deduction, as has happened in the past. Other fiscal and monetary policies might be adopted to offset a tax change. This has not been taken into account in the estimates.

Third, when tax expenditure items have been added to the tax law in the past, they did not become fully effective until the lapse of several years. As a result, the eventual annual cost of some items is not fully reflected until some time in the future. Conversely, if various items now in the law were to be eliminated, it is unlikely, in many cases, that the full revenue effects shown would be realized until an extended period of years had passed.

Fourth, differences in personal income levels and corporate profits can also account for differences in the cost of tax expenditure items from year to year. Also, some tax expenditure items themselves may be larger or smaller from year to year, wholly independent of tax considerations.

Fifth, in the case of many of the items, especially those for which information is not available on tax returns, it is necessary to obtain information from whatever sources are available and, when sources are limited, to make assumptions on which to base the estimates.

TAX EXPENDITURES BY FUNCTIONAL CATEGORY

To aid analysis of the economic benefits provided through the tax laws to various sectors of the economy, the costs (tax expenditures) and beneficiaries (in terms of area of activity) are grouped in table 1 in the same functional categories as outlays in the Federal budget. Where possible and relevant, estimates are shown separately for individuals and corporations. Some tax expenditures do not fit clearly into any of the budget functional categories. In the Special Analysis F in the Budget, they have been placed in three functional categories added to those in the budget: business investment, personal investment and other tax expenditures. In this report, however, the tax expenditure items in the three special categories have been placed within the budget functional categories to which they are most closely related so that comparisons will be easier to make between outlays and tax expenditures by functional categories. Table 2 lists each of the items and shows to which functional category it was transferred.

TABLE 1.—TAX EXPENDITURE ESTIMATES, BY FUNCTION,[1] FISCAL YEARS 1975–81

[In millions of dollars]

	Corporations							Individuals						
	1975	1976	1977	1978	1979	1980	1981	1975	1976	1977	1978	1979	1980	1981
National defense:														
Exclusion of benefits and allowances to Armed Forces personnel								650	650	650	650	650	650	650
Exclusion of military disability pensions								70	80	90	100	110	120	130
International affairs:														
Exclusion of income earned abroad by U.S. citizens								130	145	160	175	195	205	220
Exclusion of gross-up on dividends of LDC corporations	55	55	55	55	55	55	55							
Deferral of income of domestic international sales corporations (DISC)[2]	1,130	1,340	1,420	1,460	1,495	1,580	1,735							
Deferral of income of controlled foreign corporations	590	525	365	365	365	365	365							
Special rate for Western Hemisphere trade corporations	50	50	50	50	50	50	50							
Natural resources, environment and energy:														
Exclusion of interest on State and local government pollution control bonds	75	110	170	220	265	300	330	35	50	55	100	125	145	160
Expensing of exploration and development costs	500	650	840	1,045	1,285	1,540	1,850	120	155	195	245	305	365	435
Excess of percentage over cost depletion	2,010	1,080	1,020	1,015	1,110	1,215	1,325	465	500	575	625	640	670	695
Pollution control: 5-year amortization	30	20	15	5										
Capital gain treatment of royalties on coal and iron ore	10	15	20	20	25	25	30	40	45	50	60	65	75	85
Capital gain treatment of certain timber income	145	155	165	175	190	200	215	60	60	65	70	75	80	85
Agriculture:														
Expensing of certain capital outlays	135	105	115	120	130	135	150	475	355	360	370	380	390	400
Capital gain treatment of certain income	30	30	40	40	45	50	50	455	490	565	655	705	760	820
Cooperatives: deductibility of noncash patronage dividends and certain other items	395	410	455	485	520	555	595							
Commerce and transportation:														
Investment credit	4,860	6,850	6,370	5,295	5,615	5,910	6,255	950	1,410	1,445	1,080	1,155	1,235	1,320
Depreciation on buildings (other than rental housing) in excess of straight line	220	275	280	300	325	350	375	220	215	215	235	250	275	300
Asset depreciation range	1,280	1,435	1,630	1,825	2,000	2,095	2,135	125	155	175	195	220	230	235
Dividend exclusion								315	335	350	370	385	405	425
Capital gain: corporate (other than farming and timber)	695	760	900	1,015	1,090	1,170	1,260							
Capital gain: individual (other than farming and timber)								5,090	5,455	6,225	7,360	7,905	8,490	9,145
Financial institutions: excess bad debt reserves	880	815	570	635	730	900	1,060							
Exemption of credit unions	115	125	135	145	155	165	175							
Deductibility of interest on consumer credit								1,185	1,040	1,075	1,195	1,325	1,475	1,635
Expensing of research and development expenditures	635	660	695	725	755	785	815							
Corporate surtax exemption	3,345	5,020	4,180	4,525	4,890	5,270	5,670							
Deferral of tax on shipping companies	70	105	130	155	180	205	230							
Railroad rolling stock: 5-year amortization	55	30	10	5										
Excess first year depreciation	175	145	165	180	200	220	240	100	80	85	95	105	115	130
Exclusion of interest on State and local industrial development bonds	120	150	195	235	270	315	355	55	75	90	110	130	150	170
Deductibility of nonbusiness State gasoline taxes								820	575	600	665	735	815	910
Expensing of construction period interest and taxes	985	1,020	1,065	1,110	1,150	1,190	1,230	525	545	570	595	620	645	670
Capital gains at death[1]								6,450	6,720	7,280	8,120	9,015	10,005	11,105
Deferral of capital gain on home sales								805	845	890	935	980	1,030	1,080
Credit for purchase of new homes									625	100				
Deductibility of mortgage interest on owner-occupied homes								5,405	4,545	4,710	5,225	5,800	6,440	7,150
Deductibility of property taxes on owner-occupied homes								4,510	3,690	3,825	4,245	4,710	5,230	5,805
Depreciation on rental housing in excess of straight line	115	120	125	135	145	155	170	405	430	455	480	510	545	580

See footnotes at end of table.

TABLE 1.—TAX EXPENDITURE ESTIMATES, BY FUNCTION,[1] FISCAL YEARS 1975–81—Continued

[In millions of dollars]

	Corporations							Individuals						
	1975	1976	1977	1978	1979	1980	1981	1975	1976	1977	1978	1979	1980	1981
Community and regional development:														
Housing rehabilitation: 5-year amortization	40	35	25	20	15	10	10	65	55	40	25	15	15	15
Education, training, employment, and social services:														
Exclusion of scholarships and fellowships								200	210	220	235	245	255	270
Parental personal exemption for student age 19 and over								670	690	715	735	760	780	805
Deductibility of contributions to educational institutions	205	215	280	325	355	390	430	440	450	500	555	610	670	735
Deductibility of child and dependent care expenses								295	330	420	460	510	560	615
Child care facilities: 5-year amortization	5	5	5	5										
Credit for employing AFDC recipients and public assistance recipients under work incentive program	10	10	10	10	10	10	10							
Deductibility of charitable contributions (other than education)	260	265	350	400	445	490	535	3465	3020	3125	3470	3845	4275	4740
Health:														
Exclusion of employer contributions to medical insurance premiums and medical care								3,275	3,665	4,225	4,730	5,300	5,935	6,650
Deductibility of medical expenses								2,315	2,020	2,095	2,325	2,580	2,865	3,175
Deductibility of charitable contributions (primarily for health service)	125	130	175	200	220	240	265	920	800	830	920	1025	1135	1260
Income security:														
Exclusion of social security benefits:														
Disability insurance benefits								275	315	370	415	470	525	595
OASI benefits for aged								2,740	3,045	3,525	3,965	4,460	5,020	5,645
Benefits for dependents and survivors								450	495	565	635	715	805	905
Exclusion of railroad retirement system benefits								170	185	200	215	230	245	260
Exclusion of unemployment insurance benefits								2,300	3,305	2,855	2,655	2,470	2,295	2,135
Exclusion of workmen's compensation benefits								505	555	640	705	775	855	940
Exclusion of public assistance benefits								105	115	130	145	165	185	210
Exclusion of special benefits for disabled coal miners								50	50	50	50	50	50	50
Exclusion of sick pay								315	330	350	370	385	405	425
Net exclusion of pension contributions and earnings:														
Employer plans								5,225	5,745	6,475	7,120	7,835	8,620	9,480
Plans for self-employed and others								390	770	965	1,065	1,180	1,300	1,440

Exclusion of other employee benefits:														
Premiums on group term life insurance								740	805	895	965	1,050	1,135	1,230
Premiums on accident and accidental death insurance								50	55	60	65	70	80	85
Income of trusts to finance supplementary unemployment benefits								5	5	5	5	5	5	5
Meals and lodging								265	285	305	320	335	350	365
Exclusion of capital gain on home sales if over 65								40	45	50	55	60	65	70
Excess of percentage standard deduction over minimum standard deduction								1,385	1,465	1,560	1,635	1,720	1,805	1,895
Additional exemption for the blind								10	20	25	25	25	25	25
Additional exemption for over 65								1,100	1,155	1,220	1,280	1,340	1,410	1,480
Retirement income credit								130	120	110	100	90	80	70
Earned income credit [3]									1,455	696				
Exclusion of interest on life insurance savings								1,545	1,695	1,855	2,025	2,210	2,410	2,625
Deductibility of casualty losses								280	300	330	365	380	405	430
Maximum tax on earned income								400	480	580	695	835	1,000	1,205
Veterans' benefits and services:														
Exclusion of veterans' disability compensation								540	590	595	595	595	595	595
Exclusion of veterans' pensions								25	30	30	30	30	30	30
Exclusion of GI bill benefits								255	330	280	265	255	240	230
General government: Credits and deductions for political contributions								40	40	65	40	50	50	85
Revenue sharing and general purpose fiscal assistance:														
Exclusion of interest on general purpose State and local debt	2,675	2,890	3,150	3,375	3,630	3,925	4,300	1,130	1,280	1,390	1,490	1,605	1,735	1,880
Exclusion of income earned in U.S. possessions	245	240	285	305	325	350	375							
Deductibility of nonbusiness State and local taxes (other than on owner-occupied homes and gasoline)								8,490	6,505	6,680	7,415	8,230	9,140	10,140
Interest: Deferral of interest on savings bonds								525	605	685	765	845	925	1,005

[1] All estimates are based on the tax code as of Dec. 31, 1975, with the exception that the provisions of the Revenue Adjustment Act of 1975 regarding the standard deduction for individual income taxpayers are treated as if they were permanent.

[2] The calendar year aggregate income/sales ratio of DISC's is estimated to be 0.08 in 1975, 0.075 in 1976, 0.07 in 1977, 0.065 in 1978, and 0.06 thereafter.

[3] Includes for 1976 the tax reduction portion of $291,000,000 and the refundable portion of $1,164,000; includes for 1977 the tax reduction portion of $140,000,000 and the refundable portion of $556,000,000.

[4] The administration estimates this tax expenditure net of reduced estate tax receipts. As a result, the tax expenditure for capital gains at death declines to $4.8 billion in fiscal year 1975, $5.0 billion in fiscal year 1976 and $5.4 billion in fiscal year 1977.

Note: Limitations on the use of totals are explained in the text. The totals (in millions of dollars) are:

	Total	Corporations	Individuals
Fiscal year:			
1975	92,865	22,270	70,595
1976	98,530	25,845	72,685
1977	102,046	25,460	76,586
1978	108,855	25,980	82,875
1979	118,490	28,040	90,450
1980	129,040	30,215	98,825
1981	140,785	32,645	108,140

Source: Staffs of the Treasury Department and the Joint Committee on Internal Revenue Taxation.

TABLE 2.—Reconciliation Between Tax Expenditures in Table 1 and in Special Analysis F in the Budget for Fiscal Year 1977

Restructuring table to conform with budget functional categories for outlays by transferring items from personal investment, business investment and other tax expenditures.

Item	Transfered to budget functional category
1. From business investment:	
Exclusion of interest on State and local government industrial revenue bonds	Commerce and transportation.
Excess first-year depreciation	Commerce and transportation.
Depreciation on rental housing in excess of straight line	Commerce and transportation.
Depreciation on buildings (other than rental housing) in excess of straight line	Commerce and transportation.
Expensing research and development expenditures	Commerce and transportation.
Expensing construction period interest and taxes	Commerce and transportation.
Capital gain: corporate (other than farming and timber)	Commerce and transportation.
Investment credit	Commerce and transportation.
Asset depreciation range	Commerce and transportation.
2. From personal investment:	
Dividend exclusion	Commerce and transportation.
Capital gain: individual (other than farming and timber)	Commerce and transportation.
Capital gains at death	Commerce and transportation.
Exclusion of interest on life insurance savings	Income security.
Deferral of capital gain on home sales	Commerce and transportation.
Deductibility of mortgage interest on owner-occupied homes	Commerce and transportation.
Deductibility of property taxes on owner-occupied homes	Commerce and transportation.
Deductibility of casualty losses	Income security.
Credit for purchase of new homes	Commerce and transportation.
3. From other tax expenditures:	
Deductibility of charitable contributions (other than education)	Health and Education, training and social services.
Deductibility of interest on consumer credit	Commerce and transportation.
Maximum tax on earned income	Income security.

94th Congress)
1st Session)

1976 REPORT OF THE

JOINT ECONOMIC COMMITTEE

to the

COMMITTEE ON THE BUDGET, UNITED STATES SENATE

and the

COMMITTEE ON THE BUDGET,
UNITED STATES HOUSE OF REPRESENTATIVES

March 10, 1976

March 9, 1976

To the Committee on the Budget, U.S. Senate,
and the Committee on the Budget, U.S.
House of Representatives:

On behalf of the Joint Economic Committee, I am pleased to submit the following report pursuant to the Congressional Budget and Impoundment Control Act of 1974, Sec. 301(c). Supplemental views of individual Committee Members are presented fully in the Joint Economic Committee's Report on the January 1976 Economic Report of the President.

The following Report does not reflect the views of the Minority Members of the Committee. Minority views will be filed separately.

Hubert H. Humphrey, Chairman
Joint Economic Committee

TABLE OF CONTENTS

I. Introduction and Summary 1

II. Economic Situation and Outlook 12

III. Fiscal, Monetary, and Price Incomes Policy 24

IV. Budget Priorities 56

A. Special Policies to Achieve Full Employment 66

B. State and Local Government Policies 88

C. Income Security Issues 99

D. Defense Spending 104

E. Program Reductions 112

I. INTRODUCTION AND SUMMARY

The condition of the United States economy continues to be a matter of distress to Members of this Committee. Despite recent signs of improvement, seven million people remain out of work by official count. If discouraged and underemployed workers are included, the figure exceeds 10 million. An estimated 60 to 75 million people in 1975 were members of families in which someone was unemployed. No one can be complacent about the recent gains when full employment is still years away.

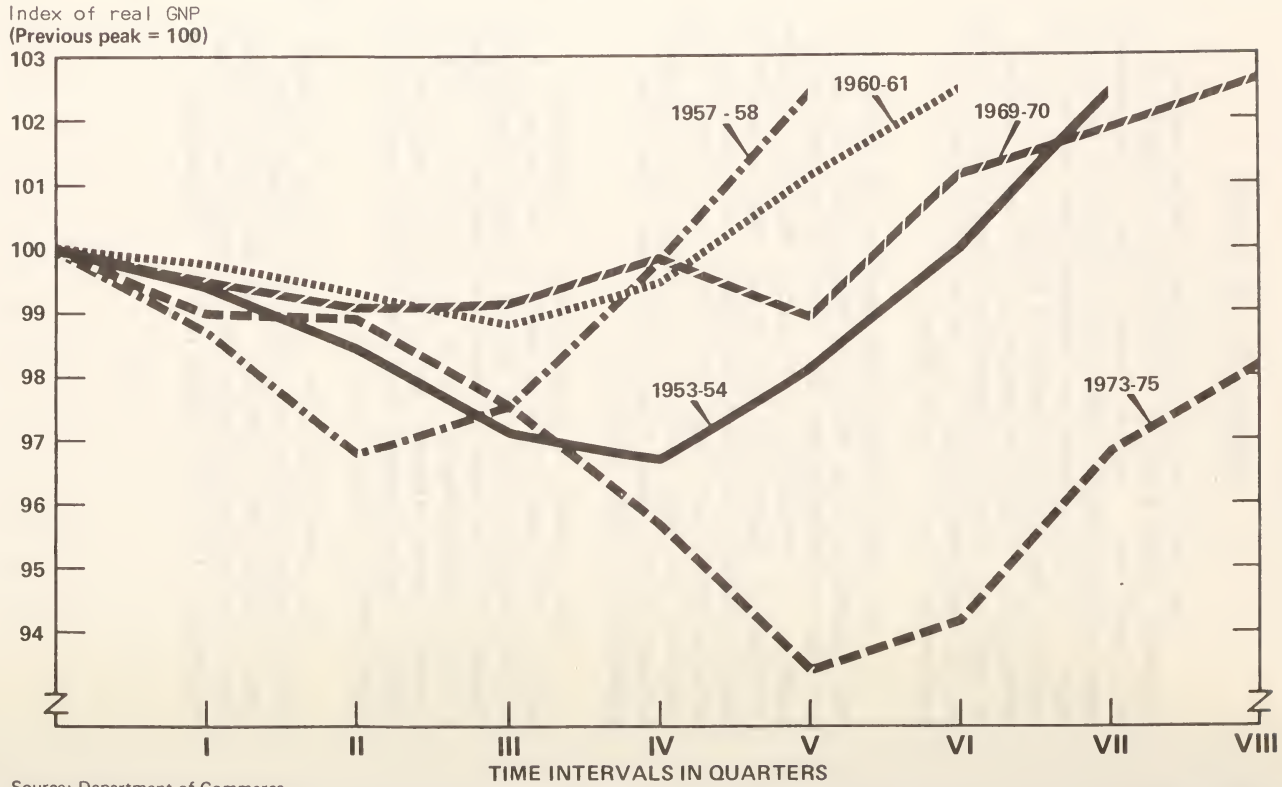
To inform itself first hand on the extent of the economic crisis, the Committee held a series of hearings on unemployment in cities throughout the country. It traveled to Chicago, New York, Atlanta, Los Angeles, Boston and Fall River, Massachusetts to hear testimony, including statements by unemployed persons, State and local officials, and others. This testimony was very useful, and some of the recommendations in this Report were developed from ideas presented at these hearings.

The problem of unemployment is especially acute in the case of young people. In January, 3.7 million persons under the age of 25 were unemployed. Indeed, this prolonged recession threatens to spawn a large disenchanted group of young adults -- out of the work force, without opportunity for adequate self-support, and alienated from the society that fails to accord them a productive role.

The Great Recession of 1973-1975, as Chart 1/1 starkly shows, dwarfs all previous postwar recessions in depth and duration. Two and one half years after this recession began, the economy has not yet returned to its 1973 income levels. Meanwhile, the

Chart 1/1

POSTWAR RECESSION AND RECOVERY PATHS



Source: Department of Commerce

Nation's economic potential has grown faster since 1973 than during most previous downturns. Lost income and production since the start of the recession now totals some $400 billion in constant dollars, and further losses by 1980 will run in the range of $600 to $900 billion depending on the speed of recovery. In either case, this unnecessarily severe recession continues to involve a monumental waste of national resources.

It is in this light that the recommendations of our Report must be viewed. It is true that the economy has made good strides toward recovery in recent months. But no one should forget that it still has very far to go before its resources will be fully utilized and before inflationary shortages could recur on any significant scale. Stimulative economic policies at a time like this create jobs, productivity and income; not inflation.

The President's Economic Report is a blueprint for recession-level unemployment and high inflation for several years ahead.

The President's 1977 budget is so restrictive that it does not serve as a useful starting point for budget policy deliberations. His proposals to cut spending by $25 to $30 billion below the level needed to maintain current government services would mean a very sharp shift toward recession while the economy remains underutilized and unemployment remains above 7 percent. Compared with this irresponsible proposal, our recommendations may look quite stimulative. Compared to the projected needs of the economy, however, our recommendations are moderate.

The President's estimate of the budget deficit based on his policies, moreover, is so optimistic that it cannot be taken seriously. After correcting for this overoptimism, this Committee estimates that the

President's deficit would be nearly $60 billion -- not $43 billion, as he states. The Committee's recommendations, after counting additional tax revenues from higher income and employment, would not materially enlarge the deficit, yet more than 1-1/2 million more jobs would be available under the Committee's program, real output would be 4 percent higher and the inflation rate 2 percentage points lower.

The long-awaited recovery from recession is less assured than the President and his economic advisers would have us believe. Although an important element of confidence is returning, capital investment still is languishing; housing construction is far below what it should be with a record number of young people forming new households; and consumer intentions remain uncertain. We expect improvement in economic performance in the next several months, but we are very concerned that the President's restrictive 1977 budget, if accepted, would remove the supports from beneath the recovery at a critical time. Unless economic policies are substantially more stimulative than the Administration proposes, the recovery could founder in 1977. It is distressing to realize how long and slow that recovery will be even if more stimulative fiscal and monetary policies are adopted.

In submitting its recommendations on economic policy to the Congress, the Joint Economic Committee must deplore the continual statements of Administration officials that purvey ignorance and misinformation to the public on matters of economic policy. Despite its deficiencies, economics has become a highly developed discipline. Administration officials often speak as though they had heard nothing of its progress in the past 40 years. To illustrate:

- In dealing with the large deficits of recent years, the Administration ignores the fact that they result directly from recession

and not vice versa. When unemployment mounts, tax revenues decline and spending on unemployment compensation, among other things, rises. This process is one of the so-called "automatic stabilizers" of the economy. Each percentage point of unemployment, as noted above, increases the Federal deficit by about $17 billion. If unemployment in fiscal year 1976 had been at 4 percent instead of its projected level of about 8 percent the deficit would have been very largely eliminated. Yet the Administration spreads the erroneous notion that the deficit is caused by "wasteful spending."

- Another distortion of fact lies in constant allusions to massive growth in Federal spending. The Federal Government is not gobbling up the national pie. As a proportion of gross national product (GNP), in fact, the Federal budget has maintained a roughly constant 20-percent share from 1953 to 1973. Federal employment has fallen steadily over the same period as a share of the civilian labor force, from 4 percent to 3 percent.

- Inflation cannot be talked down by castigating the Congress for its budget decisions. Congress now has a rigorous process for regulating the budget. Dealing with inflation responsibly requires public action to ease supply shortages, to curb excessive wage and price increases, and to cushion the domestic effect of world price fluctuations.

- It is time to stop misleading statements on the significance of the national debt. The facts are that the debt has dropped sharply from 82 percent of annual GNP in 1950 to 26 percent in 1974.

There are other illustrations of poor economic analysis by the Administration, such as

68-249 O - 76 - 37

warnings that Federal borrowing will "crowd" private investors out of the credit markets at a time when credit is overly abundant; and such as unnecessary alarms about social security financing and proposals to raise social security taxes needlessly while the economy remains weak.

Constant reiterations of archaic and erroneous notions mislead the public. They are divisive and harmful to the formulation of reasoned economic policy. We call on the Administration to cease these proclamations and to elevate the discussion of economic policy to a more informed and productive level.

Fiscal Policy and Budget-Related Recommendations

For the immediate future, the Committee recommends a number of essential policy initiatives:

- Current services budget estimates prepared by the Congressional Budget Office, rather than the President's budget, should serve as a starting point for congressional decisions on the 1977 budget. Congress should make reductions from current services outlay levels wherever such reductions are consistent with efficient maintenance of necessary government services. Because of the high unemployment which will still persist in 1977, a large part of the savings achieved in this way should temporarily be invested in programs to deal with unemployment. 1/ Adoption of our recommendations would result in an estimated outlay total of $412 to $418 billion. 2/3/4/

- Action should be taken prior to July 1 to provide for continuation at least through the end of 1977 of the personal income tax reduction which has been in effect during 1975 and the first half of 1976.

1/ Senator Proxmire states: "I object to using the current services levels -- that is, last year's programs increased for population and price levels -- as a starting point. This is a mindless method. It legitimizes all those programs and expenditures --
(Footnotes continued)

(Footnote 1 continued)
good and bad -- now in the budget. I advocate zero-based budgeting, strict benefit-cost analyses, determining the economic costs of alternative programs, and cutting back or ending inefficient and useless agencies and outlays."

2/ Senator Sparkman states: "It is most disturbing to see continuing increases in Federal spending. I believe that the Congress and the Administration must make greater efforts to limit this spending growth. For that reason, I would place particular emphasis on the proposal in the Report that immediate efforts be made to reduce spending for programs that do not have high priority. I believe we should do this with even greater efforts than stated in the Report.

"Also, I would hope that the strength of our recovery and the wise use of monetary and tax policy could speed up the recovery and thereby reduce the deficit. An economic recovery will automatically increase incomes, which in turn leads to higher revenues. Likewise, it should greatly reduce the need for spending on such programs as unemployment, welfare, food stamps and emergency employment. In this way, there would be a healthy force working to reduce public spending. It must be remembered that the recession has been very costly to the Federal Government as well as to the other sectors of our economy."

3/ Senator Proxmire states: "I strongly oppose such a high budget outlay. See my supplemental views on p. 237."

4/ Representative Hamilton states: "Although I favor a more stimulative program for the economy than the President has proposed in order to sustain and quicken the recovery now underway, I am concerned with the magnitude of the stimulus proposed by this Report. I am hopeful that the recovery will be vigorous enough to avoid reaching the spending target recommended in this Report. For that reason, I will reserve judgment at this moment on the specific

(Footnotes continued)

• The strength of the recovery should be carefully monitored during the next few months. Should output growth appear to be dropping below the 7-percent rate needed to bring unemployment down appreciably, an additional tax cut should be enacted for 1977. This additional reduction should be of a type which will act directly to reduce costs and prices. An income tax credit against some part of social security taxes paid would meet this requirement.

• No increase in the social security tax rate is necessary or desirable in 1977, nor should the Federal unemployment insurance tax rate be increased at that time.

• Since its founding, the social security system has been expanded to provide far more than just retirement benefits for those who contribute. Making many people eligible for benefits who had contributed little has placed a heavy burden on the trust fund. To relieve part of this burden and to avoid further increases in the regressive tax that finances this system, funding responsibility for the hospital insurance program should be transferred from the trust fund to general revenues. Receipts currently collected for hospital insurance should be reallocated to the Old Age and Survivors Disability Insurance Fund.

(Footnote 4 continued)

expenditure figure recommended herein.

"The report also recommends the enactment of a large number of legislative proposals. While I subscribe to the objectives of these proposals, and may very well support them when they come before the Congress for consideration, I do not want my general approval of the Majority Report be be construed as an unreserved endorsement of each such proposal."

• A comprehensive strategy for dealing with unemployment is essential to overall economic recovery. An antirecession program should place primary emphasis on providing jobs -- in the private sector to the extent possible, but supplemented by emergency public works jobs and public service jobs as necessary. Unemployment compensation should be used to assist workers who are jobless for relatively short periods of time. Until enough jobs are provided, however, unemployment compensation or other income support must be extended. Federal supplemental unemployment benefits should be phased out with the implementation of an adequate jobs program. 5/

• Emergency job programs should be expanded to provide additional jobs for the cyclically unemployed -- those who normally could find jobs when the economy is operating near capacity. The additional jobs created by this program expansion should be in special projects lasting from one to two years and having a useful and identifiable output. The jobs should be clearly temporary and should make use of skills which the participants already have. This emergency program should be in addition to the existing CETA job training and public service employment programs. Appropriations should be provided to create a total of one million jobs during 1977, including the 600,000 jobs which would be provided under legislation recently passed by the House of Representatives extending and enlarging Title VI of CETA.

5/ Senator Proxmire states: "This could become a very costly program unless done right. I advocate that the Government become the employer of last resort by providing useful work at the unemployment compensation rates of those laid off (plus the cost of getting to work) and at the minimum wage for those with no unemployment compensation eligibility who are entering the labor force. In this way useful work can be performed for the society at little added cost."

• Congress should quickly reenact and the President should sign legislation providing for

(a) countercyclical aid to State and local governments, and

(b) an emergency public works program designed to fund high-priority local work projects.

• Nearly one-half of the total unemployed are persons under 25 years of age. Extended idleness for young people with little past work experience will result in severe social and economic costs. Congress should give high priority to developing a comprehensive program targeted specifically at the unemployment needs of young people.

• As long as the economy operates significantly below capacity, the real value of Federal assistance to State and local governments should not be allowed to decline. Congress should reject changes in Federal policies that significantly increase the costs and responsibilities of State and local governments.

• The countercyclical grant-in-aid program should be reenacted by Congress and signed by the President. It should remain in effect as long as the national unemployment rate remains above 5-1/2 percent.

II

• The General Revenue Sharing Program should be extended for three years so that State and local governments are assured of receiving this source of Federal assistance to meet current services needs without substantially increasing taxes. 6/

• Congress has the responsibility to provide a defense budget that will assure our national security. We believe that national security can be assured at a 1977 spending level in the range approved by Congress for fiscal year 1976 plus allowance for current inflation. This would mean a reduction from the President's request for budget authority of approximately $6 billion. The remaining amount of about $108 billion would represent a substantial increase in the dollar budget and would provide the U.S. with the resources needed to maintain the world's strongest military force. To achieve the budget reduction, Congress should eliminate waste and whatever padding is in the budget and should scrutinize the requests for new weapons development. 7/

6/ Senator Proxmire states: "I disagree. Revenue sharing should be ended forthwith and Federal tax sources should be shifted to the States instead. Revenue sharing severs the ability and the advantage of spending from the discipline and pain of raising the taxes."

7/ Representative Long states: "While I concur with the spirit of this recommendation, I will make independent judgments on defense spending as the appropriate congressional committees make their recommendations. Whether or not the result of my judgments on individual items will be above or below the specific totals listed here, I do not know. My primary concern is the continued security of the United States."

II. ECONOMIC SITUATION AND OUTLOOK

In the second half of 1975, the United States economy began a recovery from the worst recession in the postwar period. Federal tax reductions and spending increases set in motion during 1975 will sustain that recovery throughout 1976, although its pace could slow in the second half. The support which these fiscal measures provided to real income will boost consumer spending and, combined with greater availability of credit, should help to maintain the modest recovery in housing which began at the end of 1975. These improved prospects, aided by returning confidence, may provide the impetus for business investment increases later in 1976. The budget policy decisions that must be made in 1976 will determine whether the recovery will maintain its momentum in 1977 or whether growth will slow, causing inflation and unemployment to persist at high rates.

The 1973-75 recession was not only the most severe in the postwar period, but the economy's rebound from this sharp decline could leave some productive labor and capital idle for the rest of this decade. In the final quarter of 1975, real output was still below the levels which prevailed in late 1973. This is the only postwar recovery in which the economy did not reach its prerecession levels within the first nine months of recovery. As Table II/1 indicates, output dropped twice as far in the 1973-75 recession as in any other postwar decline. In the early stages of the four previous postwar recoveries, furthermore, the economy's growth rate was twice or three times as high as the rate of decline in the recession. In 1975, this has not been true.

The loss in gross national product (GNP) from underemployed capacity from the start of the recession to the end of 1975 sums to nearly $400 billion -- a monumental total of wasted opportunity. Even if the economy experiences a sustained recovery, another $600 billion to $900 billion in output could be lost be 1980, depending on the speed of recovery.

In judging the present situation and policies to deal with it, one must be fully aware of how far the economy remains from the limits of its capacity.

Table II/1

Changes in Real Gross National Product in Postwar Recessions and Recoveries[a/]
(Percentage)

Period	Recession Decline	Recovery in First Nine Months
1953-54	-3.3	5.9
1957-58	-3.2	5.8
1960-61	-1.2	3.7
1969-70	-1.1	3.7
1973-75	-6.6	5.1

Source: Department of Commerce.
a/ See Chart I/1, p. 6.

The unemployment which accompanied the 1973-1975 declines in output was more severe than at any time since the Great Depression. The official unemployment rate rose to a peak of 8.9 percent in May and declined to just under 8.0 percent at the beginning of 1976. However, when one includes discouraged workers who have dropped out of the labor force and part-time workers who want full-time jobs, the unemployment rate climbed to nearly 12 percent and still remains in early 1976 over 9-1/2 percent. Recent improvements in the overall unemployment rate, moreover, mask the hardship suffered by several labor force groups: in January, the unemployment rate for blacks was over 13 percent; for teenagers it was almost 20 percent; for black teenagers, it was 35 percent; among construction workers was still above 15 percent. As pointed out in the Committee's recent regional hearings, unemployment rates in cities and in certain regions of the country are sharply higher than the

national average. The Committee's program to accelerate the return to full employment is outlined in Chapter III and IV.

The Outlook in 1976

In our judgment, real output may be expected to grow by about 6 percent in 1976, if the Administration's proposed policies are followed. Other forecasts of real output growth range from 5 to 7 percent, with the average a bit more pessimistic than our own. Those predicting growth rates approaching 7 percent generally assume a somewhat more expansive policy course than the Administration has recommended.

During the first half of this year, economic events will be determined largely by decisions which already have been taken. Important tax decisions yet to be taken could affect the economy beginning in the third quarter, and by the fourth quarter decisions relating to the fiscal 1977 budget will begin to have their effect. A sharp shift toward a restrictive budget policy such as the Administration recommends could materially weaken the prospects for continued economic recovery late this year and in 1977. By contrast, the supportive budget policy and other recommendations contained in this report would, we believe, raise the output growth rate for 1976 as a whole to about 7 percent and would provide for the continuation of a strong recovery in 1977.

Consumer spending in real terms is expected to rise by 5 to 6 percent this year, led by a strong increase in purchases of durable goods. Extension of the 1975 income tax reduction plus an historically high savings rate and the deferral of many major purchases during the past two years are factors contributing to a rebound in consumer spending. While the consumer sector should provide the bulk of the real growth in the economy this year, a renewal of inflationary expectations would weaken the still fragile improvement in consumer confidence.

The outlook for private investment -- which includes plant and equipment spending, residential construction, and inventory investment -- is less certain. A modest rise in housing starts to a level above 1.5 million by the end of 1976 will contribute to higher investment. This recovery will be hastened if the Federal Reserve pursues monetary policies which lower long-term rates throughout the year. The rebuilding of inventories also will contribute to GNP growth during the year. At the present time, however, business plans for investment in plant and equipment remain weak. The latest Commerce Department survey of spending plans indicates a decline of 4 percent in real investment in 1976. While these plans may be revised upward as the year progresses, investment in plant and equipment cannot be expected to make any significant contribution to the growth in real output during the first half of 1976.

Although the sharp drop in unemployment to 7.8 percent in January was welcome, it was so large that there may be a tendency in succeeding months for the rate to remain at this level or even to rise slightly. It is not uncommon for the unemployment rate to move in step-like fashion; that is, to drop sharply and then remain on a plateau for several months. It is possible that the drop in unemployment during January will be the major improvement that we will see this year.

A recovery path which increases output by only 5 to 6 percent in 1976 is unlikely to reduce the unemployment rate below 7.5 percent by year's end. In 1975 unemployment averaged 8.5 percent. Normally, a 4-percent growth in output is required to maintain the current unemployment rate; and for every additional three percentage points of real GNP growth, the unemployment rate drops about one percentage point. By this rule of thumb, growth in real GNP of 6 percent in 1976 would reduce the unemployment rate by about two-thirds of one percentage point from last year's average, or to an average of about 7.8 percent in 1976.

Will The Recovery Be Sustained?

The continuation of a strong recovery into 1977 is in doubt at this time. According to the majority of forecasters, the adoption of a 1977 budget that cuts the level of real government services, such as the budget proposed by the President, will reduce the 1977 growth rate in real GNP to well below the 5 to 6-percent rate projected by the Administration. If the President's budget of $395 billion is adopted a growth rate of only 3 to 4 percent in 1977 appears probable. Those forecasters who predict 1977 growth rates close to the Administration's 5 to 6-percent projection uniformly assume that more stimulative budget policies will be adopted.

A growth rate of 3 to 4 percent would lead to an increase in the gap between actual and potential GNP and to a continuation of an unemployment rate well above 7 percent -- and probably above 7-1/2 percent -- throughout 1977.

Several of the sectors that are expected to lead the increase in GNP during 1976 will not be as strong in 1977. The rebuilding of business inventories in the early stages of recovery will be largely complete by the end of this year. The strong rate of increase in residential construction expected in 1976 is unlikely to be maintained in 1977 both because this year's spurt in homebuilding can hardly be repeated and because the high price of housing seriously limits demand. Real outlays at the Federal level and grants to State and local governments would be sharply reduced under the Administration's budget. Thus the government sector would be a source of weakness in 1977 if this budget were adopted.

This would leave consumer spending and business investment to lead any growth of output. But the strong stimulus given by the 1975 tax cuts and rebates to 1976 consumer spending will not be repeated in 1977. The income tax cuts recommended by the

Administration for 1977 would be substantially offset by recommended increases in social security taxes. The reduction in transfer programs implied by a $395-billion budget would further reduce the gains in consumer income. If inflation continues at the 6-percent rate expected by the Administration, this too would cut real incomes and also would mean that the personal savings rate, which is expected to decline somewhat in 1976 from its present very high level, would be unlikely to decline further in 1977. The combination of high inflation and the threat of unemployment, which has buffeted American families for the last three years, is likely to preclude a swift return to personal savings rates in the prerecession range of 6 percent of disposable personal income unless strong evidence emerges that both inflation and unemployment are being permanently reduced. All these restraining factors suggest a decline in the growth rate of consumer purchases to the 3 to 4-percent range in 1977 from the 5-percent growth we anticipate in 1976.

The outlook for investment in plant and equipment in 1977 remains relatively strong. Sharp increases in corporate profits during this year will provide the impetus for gains in business spending. Because of the time lags involved in actually executing increased investments, the influence of higher profits will be realized primarily in 1977. However, even an assumption of 10-percent growth in business investment, given the expected slowdown of the other major sectors, would be insufficient to raise the overall growth rate in real GNP above 3 to 4 percent.

Although it does not appear probable at this time, there is a possibility, which should not be excluded, that a restrictive budget policy combined with tighter monetary policy could halt the growth in output in 1977.

In sum, the continuation of a satisfactory pace of recovery in 1977 requires a set of economic policies which both provide support to the economy and instill confidence in consumers and businessmen that neither

inflation nor recession threatens again. We recommend such a set of policies in this report. We want to stress that policies operate with a time lag. Action in 1976 is needed to support continued recovery in 1977.

Prices. Prices at both wholesale and retail levels rose considerably more slowly in 1975 than in 1974. Consumer prices rose by 7 percent, compared to 12.2 percent in 1974. Wholesale prices rose only 4.2 percent, down from 20.9 percent in 1974.

As Table II/2 shows, the components of the consumer price index rose at similar rates in 1975. The 6.5 percent rise in food prices during the year was primarily due to sharply higher prices for meats, while other food items generally rose by less. The other two items causing the largest increases in consumers' budgets were fuels and medical care, which rose 11 percent and 10 percent, respectively.

In spite of the overall improvement in wholesale price behavior, there were increases among individual sectors that are cause for concern. As Table II/3 shows, the wholesale prices indexes for industrial commodities accelerated from the second quarter of 1975 to the end of the year. Price increases were greatest in lumber products (10.7 percent during the year), machinery and equipment (7.7 percent), mineral products (8.3 percent), and fuels (12.7 percent). The acceleration in many wholesale prices during this period of slack demand and low capacity utilization suggests strong market power on the part of a number of basic materials industries. A major factor contributing to the improved performance of wholesale prices was the modest increase in farm product prices and the 3.8-percent decline in processed food and feed prices during the year.

The Administration's forecast of 6 percent inflation in 1976 and 1977 is plausible if one assumes sluggish growth and the complete absence of any anti-inflation policy. Several factors will contribute to

Table II/2

Percent Change in Price Measures, 1973-1975

	Year			1975, by Quarters a/			
	73	74	75	I	II	III	IV
Consumer Price Index							
All items	8.8	12.2	7.0	6.6	7.0	7.4	7.3
Food	20.1	12.2	6.5	0.5	9.7	8.0	8.3
Energy (gasoline, motor oil, fuel oil and coal, gas and electricity)	16.8	21.6	11.6	1.4	17.0	23.6	6.0
All items less food	5.6	12.2	7.1	7.1	7.2	7.6	6.7
All items less food and energy	4.7	11.3	6.7	9.4	5.1	5.8	7.1
Wholesale Price Index							
All commodities	15.4	20.9	4.2	-6.3	7.2	11.1	5.6
Farm products, processed foods and feeds	26.7	11.0	-0.3	-27.6	17.0	26.8	-7.9
Industrial commodities	10.7	25.6	6.0	4.2	2.6	7.3	10.1
Fuels, related products and power	24.3	51.2	12.7	0.3	16.0	25.5	10.2

a/ Quarterly changes at seasonally adjusted annual rates.

Table II/3

Percent Change in Wholesale Industrial Prices
(seasonally adjusted annual rates)

	1974	1975	
	2nd half	1st half	2nd half
All industrials	19.5	3.4	8.7
By stage of processing:			
Crude materials, excluding foods and feeds	6.7	1.5	7.6
Intermediate materials, excluding foods and feeds	21.5	2.2	8.8
Producer finished goods	24.5	8.4	7.9
Consumer nonfood finished goods	15.6	3.9	9.6
Textile products and apparel	- 3.2	- 5.0	13.9
Fuels, related products and power	23.5	7.9	17.6
Chemicals and allied products	50.9	6.8	4.0
Lumber and wood products	-18.9	9.4	12.0
Pulp, paper and allied products	31.4	0.8	6.2
Metals and metal Products	16.3	-3.3	6.2
Machinery and equipment	26.5	8.7	6.6
Motor vehicles and equipment	21.4	6.0	8.7
Other industrial products a/	15.1	5.4	5.2

a/ Not seasonally adjusted; includes hides, skins, leather, rubber and plastic products, nonmetallic mineral products, furniture and household durables and miscellaneous products.

Source: Department of Labor, Bureau of Labor Statistics.

slightly better price performance this year than last. Food prices are not expected to rise more than 4 to 5 percent according to the latest Department of Agriculture forecast, although the current drought in the grain belt or other unfavorable weather developments could change this outlook substantially. Average crude oil prices should not rise and may decline somewhat as a result of the domestic price rollback. The gains in productivity which usually accompany the early stages of recovery should hold down unit costs of output in most sectors.

Private forecasters and several witnesses before this Committee have emphasized the possibility of reducing the inflation rate below the Administration's 6-percent forecast. Stronger GNP growth in the second half of 1976 and early 1977 would hold down unit costs through greater increases in productivity. A stronger government role in restraining prices in concentrated industries, where prices rose even at the bottom of the recession, could hold price increases to 5 percent this year and improve the possibility for an inflation rate in the 4-percent range by the end of 1977.

Wages. Wage settlements over the life of union contracts rose by 7.8 percent in 1975 compared to 7.3 percent in 1974. These increases in wages and in wages combined with benefits were more modest, however, than one would have expected considering the declines in real income which workers have suffered. Real hourly earnings -- that is, earnings adjusted for inflation -- declined 1.1 percent in 1973 and 3.4 percent in 1974. A high unemployment rate combined with falling corporate profits in 1975 limited the size of settlements during the year. As Table II/4 shows, increases in overall compensation for the entire economy in 1975 averaged 9 percent compared to 9.7 percent in 1974.

This year the collective bargaining calendar is especially heavy with 4.4 million workers affected by contract expirations, compared to 2.5 million in 1975. Major industries facing contract negotiations include

Table II/4

Annual Rates of Change in Compensation, 1973 - 1975
(percent)

Measure of Compensation	1973	1974	1975
I. Wages (1,000 workers or more)			
First year adjustment	5.8	9.8	10.2
Average over life of contract	5.1	7.3	7.8
II. Wages & Benefits Combined			
First year adjustment	7.1	10.7	11.2
Average over life of contract	6.1	7.8	8.0
III. Aggregate Compensation Measures			
Total compensation per hour, all employees, private nonfarm economy	7.9	9.7	9.0
Average hourly earnings, production or nonsupervisory workers, private nonfarm economy	7.0	8.3	7.0
Real adjusted hourly earnings	-1.1	-3.4	2.2

Source: Bureau of Labor Statistics.

automobiles, trucking, construction, electrical machinery, meat packing, rubber, farming, and construction machinery. Rising corporate profits and an attempt to catch up with past price increases, especially by unions without cost-of-living escalators in their existing contracts, will put strong upward pressure on wage settlements. Continued high levels of unemployment will exert some pressure in the opposite direction, but the factor which could have the greatest effect in encouraging moderation in wage settlements would be confidence that the rate of increase in consumer prices will continue to decline. A price-incomes policy designed to provide that assurance is discussed in Chapter III.

III. FISCAL, MONETARY, AND PRICE-INCOMES POLICIES

In 1976 and 1977 the opportunity will be present to make significant progress toward both lower unemployment and less inflation. This desirable progression of events will not occur spontaneously, however. Federal policies must be consciously directed toward specific targets for output, employment, and prices. This chapter describes the targets which we believe to be appropriate for 1976 and 1977 as well as the fiscal, monetary, and price-incomes policies needed to achieve those targets.

The Goals of Economic Policy

The 1975 Annual Report of the Joint Economic Committee recommended that policy in 1975 be directed toward an output target for the fourth quarter of 1975 which would be consistent with an unemployment rate of 7.8 to 8.1 percent. Actual output in the fourth quarter of last year was very close to the recommended target, and the unemployment rate, although it remained above target in the fourth quarter, has subsequently fallen to 7.8 percent in January. This time lag between output changes and changes in the unemployment rate is to be expected in the early stages of an economic recovery.

Targets for 1976. Last year we also recommended that policy be directed toward achieving real output growth of 8 to 9 percent from the fourth quarter of 1975 to the fourth quarter of 1976. We continue to believe that such rapid growth of output would be desirable. It would pose no threat of

accelerating inflation.1/ Indeed, the productivity gains associated with rapid growth would help reduce the rate of price increase.

It does not presently appear, however, that 8 to 9 percent output growth is at all likely in 1976. It would be a disservice to advocate short-term policy targets which have such slim hope of realization. The maximum output growth which it seems reasonable to expect during 1976 is about 7 percent. We recommend this as an appropriate policy goal for this year.

- Employment Targets. Achievement of this output target would still imply an unemployment rate of 7.2 to 7.3 percent at the end of this year. This we do not regard as satisfactory. Our short-run goal should be to bring the unemployment rate below 7 percent by the end of this year. To do so will require supplementing monetary and fiscal policy with special emergency job programs. These programs are discussed in Chapter IV.

- Price Targets. Measured by the deflator for gross national product, prices rose 6.5 percent from the fourth quarter of 1974 to the fourth quarter of 1975. The Administration projects further price increases of 5.9 percent in 1976 and 6.3 percent in 1977; in other words, no further dimunition of inflation either this year or next.

We believe that both tax policy and price-incomes policy can be utilized in ways which will significantly increase prospects for regaining price stability. The setting of specific price targets is

---

1/ Representative Gillis Long states: "Generally, I support increased output as an essential element of economic recovery; however, I am concerned about a resurgence of inflation which could possibly result from this. I would not go so far as to say that increased output poses no threat of accelerating inflation, but I recognize fully the need for increasing output."

necessary to provide the guidance which business and labor need in order to join in a cooperative voluntary effort to further reduce inflation. With proper policies, the rate of inflation should not exceed 5-1/2 percent for 1976 as a whole. By the fourth quarter the inflation rate should be no higher than 5 percent.

In recommending specific price targets, we wish to stress, however, that some causes of inflation lie essentially outside the control of economic policy. Our recommended targets assume an adequate harvest and the absence of new external price shocks. Should some major unanticipated event, such as the world oil price increases of 1973-74, occur in 1976, these price targets will require amendment.

Goals for 1977. Policies adopted now will have more influence in 1977 than in 1976. As discussed in the previous chapter, the present outlook is for output growth to slow significantly in 1977 and for unemployment essentially to remain stuck at a rate above 7 percent. Obviously, this is not a satisfactory outlook. Policy actions are needed now to support a stronger economy in 1977.

Policies should be directed toward continuation of a 7 percent rate of growth of real output in 1977. Policy should also aim to reduce the rate of unemployment to 6 percent or less by the fourth quarter of 1977. As in 1976, this will require augmentation of fiscal and monetary policy with a temporary program of direct job creation.

Neither labor nor capital resources can be expected to approach full utilization in 1977. Hence continued rapid output growth poses no danger of worsened inflation. Rather, rapid growth coupled with appropriate tax policy and voluntary price-incomes policy can reduce the inflation rate to no more than 4 percent by the end of 1977. Again, this inflation goal assumes adequate harvests and the absence of major external price shocks.

Table III/1 summarizes our suggested policy goals for 1976 and 1977. These targets are ambitious, but they are not unattainable. With unemployment still well above the levels of past recessions and with prices still rising at a rate which prior to the 1970s would have been regarded as intolerable, there is no room for complacency about the economy. To aim at targets which represent anything less than the maximum progress which can be achieved would be to turn our backs on the Employment Act mandate to promote "maximum employment, production and purchasing power."

The benefits of achieving these targets are well worth the effort. By the end of 1977, more than 1-1/2 million more jobs would be available than would be the case if the Administration's policies are followed. The unemployment rate would be 1.7 percentage points lower, real output 4 percent higher, and the rate of price increase 2 percentage points lower. The Administration's program would keep unemployment stuck very close to its present 7.8 percent rate. Our proposals would bring unemployment down steadily and fairly rapidly.

Returning to Potential Output: Goals for 1980. Chart III/1 compares potential output through 1982 with expected actual output under two different assumptions. The output path labeled "desired recovery path" assumes that our recommended output targets for 1976 and 1977 are achieved. From 1978 through 1982, it is assumed that the rate of growth of real output is gradually reduced from the 7 percent of 1977 toward the 3-1/2 percent which will approximate the growth of potential in the early 1980s.2/ In

2/ The potential growth rate is defined as the rate of real output growth necessary to keep the economy operating at a constant level of resource utilization. It is determined by growth of the labor force, changes in average hours worked, and growth of output per hour (productivity). The potential growth rate is presently about 4 percent per year but, because of slower growth of the working age population, it is expected to drop gradually to about 3-1/2 percent by 1980.

Table III/1

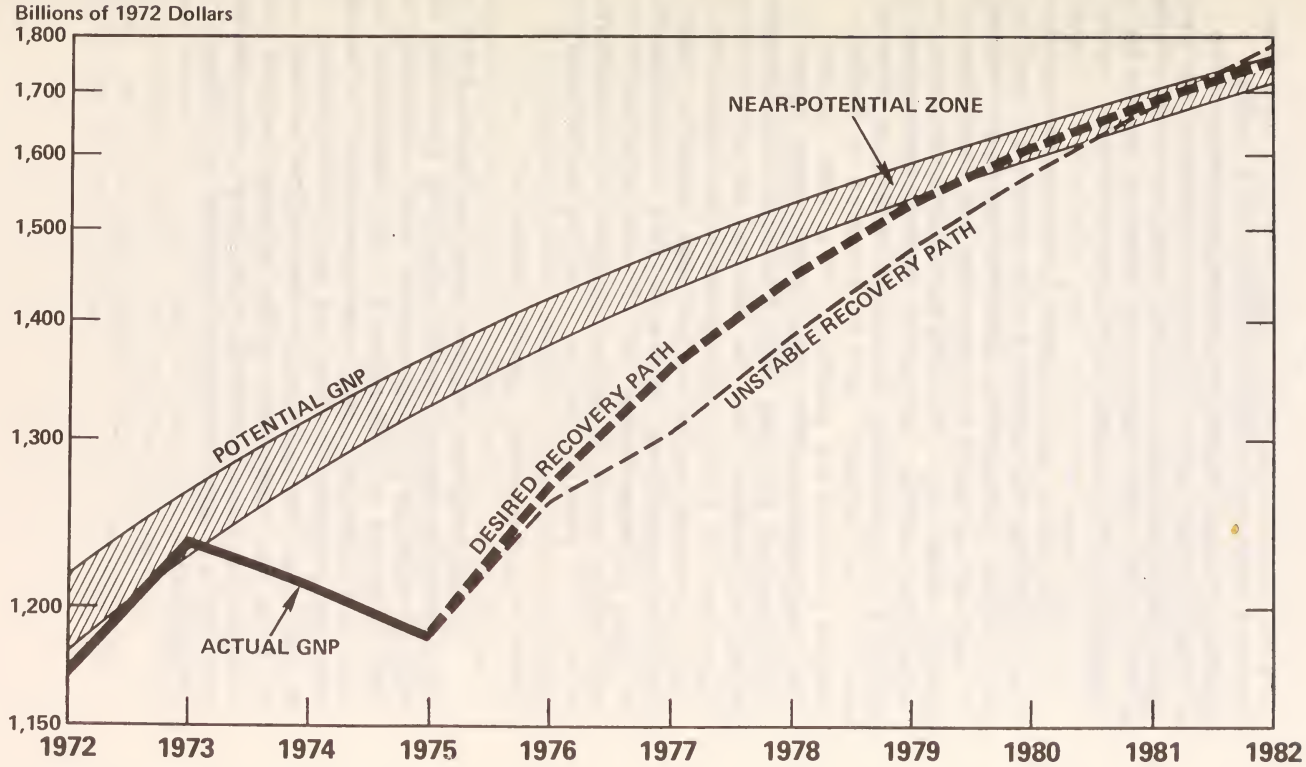
Output, Employment, and Price Targets, 1976-1977

	1975 (actual)	Fourth Quarter 1976 (target)	1977 (target)
Potential GNP (billions of 1972 dollars)	$1388.8	$1444.4	$1498.6
Projected GNP (billions of 1972 dollars)	1215.9	1300.0	1390.0
Percent Change in projected real GNP a/	2.5%	7.0%	7.0%
GNP Gap b/	12.4%	10.0%	7.2%
Unemployment rate	8.5%	7.0%	6.0%
Inflation rate c/	6.8%	5.0%	4.0%
Projected GNP (billions of current dollars)	$1572.5	$1768.0	$1970.0

a/ From fourth quarter to fourth quarter.
b/ Difference between actual and potential GNP as a percent of potential.
c/ GNP deflator, percent change during quarter, seasonally adjusted annual rate.
Sources: Department of Commerce, Council of Economic Advisers, and Joint Economic Committee.

Chart III-1

ALTERNATIVE RECOVERY PATHS



Sources: Council of Economic Advisers, Joint Economic Committee

this way the economy enters its potential zone growing at a rate sufficiently moderate that sudden demands are not imposed on scarce resources. With a growth pattern of this type, inflationary bottlenecks can be avoided, and continuing operation of the economy within the zone of its potential should be compatible with reasonable price stability.

The output path labeled "unstable recovery" does not bring the economy to its potential zone until 1981. Furthermore, potential would be reached in a way which would both increase the cumulative loss of output prior to 1980 and greatly enlarge inflationary risks. This path assumes that output growth will drop below 4 percent in 1977, a pattern which in our judgment must be expected if Administration policies are adopted. It is then assumed that, beginning in 1978, the economy grows steadily at 6.5 percent per year until the zone of potential output is reached. This is the type of path which is assumed for planning purposes in the Administration's five-year budget projections. Judging from historical experience, such a pattern is extremely unlikely to be achieved. If it were to occur, it would cause output to come up against its potential while still growing rapidly, creating inflationary pressures which would prevent the maintenance of a stable full employment growth pattern.

Even based on the path labeled "desired," the cumulative loss of output resulting from the recent recession will approach $1 trillion through 1980 (measured in 1975 prices). This enormous loss is all the more tragic because much of it could have been avoided if wiser and more foresighted policies had been adopted in time to head off or minimize the recession. If the alternative path labeled "unstable recovery" is followed, the cumulative loss of output would be increased a further $300 billion.

Fiscal Policy

Present expectations are that real output will grow about 6 percent this year, that unemployment will still be above 7 percent at year-end, and prices still rising at about a 6-percent rate. Policy changes adopted at this time cannot achieve dramatic departures from this path within the remaining nine months of this year. As discussed in the previous section, however, proper policies can raise the growth of real output to about 7 percent while at the same time gradually setting in motion further reductions in the inflation rate. Even more important, policies adopted at this time can lay the foundation for continued rapid growth and greater price stability in 1977.

The Fiscal 1976 Budget. The Second Concurrent Resolution on the 1976 Budget embodies congressional decisions on the proper levels of outlays and receipts. These decisions are appropriate to the needs of the economy. Tax and spending decisions made by Congress during the past year, sometimes in the face of determined opposition by the Administration, have served to halt the worst recession in 40 years and initiate a recovery.

Two vital pieces of legislation remain necessary to achieve the budget policy established in the Second Resolution. The first of these is the extension and expansion of the Emergency Public Jobs Program. Legislation providing for this has now passed the House and is pending in the Senate. The second legislative need is for the provision of special antirecession aid to State and local governments. Legislation containing provision for such aid was recently passed by Congress but was vetoed by the President. As discussed more fully in Chapter IV, this assistance to State and local governments is a vital part of an overall strategy for economic recovery. We urge the Congress to again enact and the President to sign legislation providing for this program.

Provision for fiscal 1976 outlays for both these programs was contained in the Budget Resolution. Thus enactment will represent a carrying out of previously determined policy, not a new addition to planned outlays. It will also represent adoption of essential components of a program to reach our recommended goals for economic performance this year.

The Fiscal 1977 Budget. As discussed above, present expectations are that the economy will weaken in 1977. If Administration policies are adopted, output growth can be expected to drop to 4 percent or less. To achieve instead the 7-percent growth which we recommend will require supportive policies. Much can be accomplished through a monetary policy which accommodates private investment and through a price-incomes policy which reduces inflationary expectations. Fiscal policy too must play a supportive role.

Administration Recommendations. The Administration has proposed a highly restrictive budget for 1977. Examination of the recommended quarterly pattern of outlays and receipts is instructive. As can be determined from Table III/2, the Administration recommends that expenditures rise only 4 percent from the first half of 1976 to the first half of 1977. With prices expected to rise about 6 percent under Administration policy, this implies an actual decline of about 2 percent in the real level of government services. Such a decline, coming at the very time when the economy most needs support in order to add vigor to the recovery, represents extremely poor timing of fiscal policy.

It is also helpful to look at the budget as it would be at "full employment," that is as it would be if the unemployment rate could be kept constantly at 4 percent. The estimates shown in Table III/2, which have been prepared by the

Table III/2

Federal Receipts and Expenditures, Actual and Full Employment, Assuming Administration Budget
(NIA basis, billions of dollars, seasonally adjusted annual rates)

	Actual			Full Employment		
Calendar Years	Receipts	Expendi-tures	Surplus (+) Deficit (-)	Receipts	Expendi-tures	Surplus (+) Deficit (-)
1976: I	311.1	384.6	-73.5	365.5	375.4	- 9.9
II	322.3	391.4	-69.1	375.2	382.4	- 7.2
III	328.9	391.8	-62.9	379.6	383.3	- 3.7
IV	342.5	394.5	-52.0	390.3	386.6	+ 3.7
1977: I	359.4	401.5	-42.1	403.3	393.7	+ 9.6
II	372.4	406.3	-33.9	414.7	398.8	+15.9
III	388.9	415.1	-26.2	426.5	407.8	+18.7
IV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Office of Management and Budget, Joint Economic Committee.

Committee staff, indicate a swing of almost $30 billion in the full employment surplus over the seven quarters shown in the table. 3/ The most recent past experience of a large swing in the full employment budget is found in 1972-1974, when the full employment surplus rose by over $40 billion during the six-quarter period from the fourth quarter of 1972 to the second quarter of 1974, helping to precipitate the severe recession of 1974-75. The tragic experience of this recent recession provides persuasive evidence that sudden swings in fiscal policy can have devastating economic effects and must be avoided.

The Administration's budget recommendations are inadequate both as regards total receipt and expenditure levels and with respect to the composition of spending. The Budget contains individual recommendations which deserve serious consideration, but taken as a whole it does not constitute a helpful guide to the Congress in setting budget policy.

The Current Services Budget. Congress has available this year two estimates of the Current Services Budget, one prepared by the Congressional Budget Office (CBO) and the other by the Office of Management and Budget (OMB) under the provisions of the Congressional Budget Act of 1974. These provide estimates of the cost of maintaining the present real level of government services, making allowance for expected changes in economic conditions and for case-load changes under entitlement programs. The two estimates differ slightly in concept. Of the two, the CBO estimates are somewhat more satis-

3/ Estimates supplied by the Council of Economic Advisers imply an even larger swing in the Full Employment Budget during 1976. The Council has supplied the following estimates of the full employment surplus(+) or deficit(-) by quarter (in billions of dollars): 1976-I, -16.5; 1976-II, -12.9; 1976-III, -7.7; and 1976-IV, +3.2. No estimates were supplied for 1977.

factory for use as a baseline budget since they have been recently updated and since they make consistent inflation adjustment for all programs, rather than limiting the adjustment, as OMB did, to those programs where such adjustment is required by law.

Current services budget estimates prepared by the Congressional Budget Office, rather than the President's budget, should serve as a starting point for congressional decisions on the 1977 budget.4/ Congress should make reductions from current services outlay levels wherever such reductions are consistent with efficient maintenance of necessary government services. Because of the high unemployment which will still persist in 1977, a large part of the savings achieved in this way should temporarily be invested in programs to deal with unemployment. These programs should include:

- Antirecession grants to State and local governments, 5/ and

4/ Senator Proxmire states: "I object to using the current services levels, that is, last year's programs increased for population and price levels, as a starting point. This is a mindless method. It legitimizes all those programs and expenditures -- good and bad -- now in the budget. I advocate zero-based budgeting, strict benefit-cost analyses, determining the economic costs of alternative programs, and cutting back or ending inefficient and useless agencies and outlays."

5/ Senator Proxmire states: "The States and localities now get $6 billion in revenue sharing funds and $3 billion in community development funds. Nine billion is enough. The proposed antirecession grants would violate the sound fiscal principle that those who spend money should be required to raise the money."

- An emergency jobs program designed to provide about one million temporary jobs in 1977. 6/

As recently estimated by the CBO, the spending level needed to maintain current services in fiscal 1977 would be about $425 billion. We believe program cuts of at least $4 billion and possibly as much as $10 billion from this total are possible. Examples of cuts which would total about $4 billion are described Chapter IV. It is important to note that these program reductions, if enacted promptly, could lead to budget savings of as much as $25 billion by 1981. The examples we cite are by no means an exhaustive list of possible program reductions. We anticipate that scrutiny by the Budget Committees and others will lead to identification of many other needed reforms and reductions, as well as some areas where increases are needed. A net reduction in permanent programs of at least $4 to $10 billion below current services levels appears to be a desirable and appropriate objective.

In addition to the savings which can be made in 1977 through program reductions, the lower inflation rate which would result from our recommended policies would reduce budget outlays by $7 to $8 billion.

6/ Senator Proxmire states: "I am against a job program of this size which is accomplished through public works, which is wasteful and too slow, or through public service jobs where there is a big substitution effect if it gets too large. Instead, I believe we should provide for jobs through a shallow housing subsidy where one job can be created for about $500, instead of $8,000 per public service job, and as high as $25,000 for a public works job."

At expected levels of unemployment, continuation of antirecession aid to State and local governments will cost about $1 billion in fiscal 1977. An emergency jobs program for close to 1 million persons would have a gross cost of $8 to $9 billion. Some allowance for these temporary antirecession programs is already contained in the current services budget. Our recommendation for an expanded program would add about $6 billion to the amount already assumed. As shown in Table III/3 below, the net result of the outlay changes which we suggest would be a spending total of about $418 billion. 7/8/

Tax Policy. The personal income tax rates presently in effect expire on July 1 and without new legislative action, taxes will revert at that time to the higher rates which prevailed in 1974.

7/ Senator Sparkman states: "It is most disturbing to see continuing increases in Federal spending. I believe that the Congress and the Administration must make greater efforts to limit this spending growth. For that reason, I would place particular emphasis on the proposal in the Report that immediate efforts be made to reduce spending for programs that do not have high priority. I believe we should do this with even greater efforts than stated in the Report.

"Also, I would hope that the strength of our recovery and the wise use of monetary and tax policy could speed up the recovery and thereby reduce the deficit. An economic recovery will automatically increase incomes, which in turn leads to higher revenues. Likewise, it should greatly reduce the need for spending on such programs as unemployment, welfare, food stamps and emergency employment. In this way, there would be a healthy force working to reduce public spending. It must be remembered that the recession has been very costly to the Federal Government as well as to the other sectors of our economy."

8/ Senator Proxmire states: "I strongly oppose such a high budget outlay. See my supplemental view in the Joint Economic Committee's Annual Report on the January 1976 Economic Report of the President."

68-249 O - 76 - 39

Table III/3

Derivation of Joint Economic Committee Outlay Recommendation for Fiscal 1977
(billions of dollars)

CBO Current Services estimate (Path B):	$425.0
Savings through program reductions	-4.0 to -10.0
Savings due to less inflation	-7.5
Savings due to lower unemployment:	-1.5
Additional cost of jobs programs:	+6.0
JEC recommended outlay level:	$412 to $418

Sources: Congressional Budget Office, and the Joint Economic Committee.

Action should be taken prior to July 1 to provide for continuation at least through the end of 1977 of the personal income tax reductions which have been in effect during 1975 and the first half of 1976.

- The strength of the recovery should be carefully monitored during the next few months. Should output growth appear to be dropping below the 7 percent rate needed to bring unemployment down appreciably, an additional tax cut should be enacted for 1977. This additional reduction should be of a type which will act directly to reduce costs and prices. An income tax credit against some part of social security taxes paid would meet this requirement.

- No increase in the social security tax rate is necessary or desirable in 1977, nor should the Federal unemployment insurance tax rate be increased at that time.

The above tax actions are needed both to provide support to the economic recovery and to help in achieving further progress toward price stability. Care must be taken that restrictive fiscal actions do not weaken or interrupt the moderately strong recovery now underway. Failure to extend the tax reductions presently in effect would be very damaging to the recovery. We urge prompt action to extend present tax rates at least through the end of 1977.

When taken in conjunction with an outlay level of $418 billion, an additional tax cut of approximately $10 billion will be necessary in 1977 simply to prevent fiscal policy from moving in a restrictive direction. Should outlays be held to $412 billion, a correspondingly larger tax cut would be required to sustain a neutral fiscal policy. The precise state of the economy in 1977 is impossible to predict at this time. It may be that the recovery will gather such

strength that a modest move toward restriction will be appropriate. However, history tells us that in the past growth of output at the 7-percent rate we feel is needed has been only rarely maintained over a period as long as 2-1/2 years.

Should output growth appear to be dropping below the 7-percent target rate, an additional tax cut should be enacted in order to keep fiscal policy on a neutral path which will not exert a drag on the private economy. Any such tax cut should be of a type which contributes to greater price stability as well as to stronger growth. Discussion of possible further tax reduction for 1977 should begin now so that Congress will be prepared to act quickly when and if the need for such action becomes clear. In the past, fiscal policy has often responded far too slowly to changing circumstances With the new congressional budget process now in place, continuous monitoring of the economy and prompt response to changing policy needs should be more readily achievable.

Anti-inflationary Impact of Tax Reduction. The stimulative effect of tax reductions is well understood. Tax reductions result in more after-tax income available to individuals. Most of this increase in disposable income is spent on additional purchases of goods and services. This in turn leads to increases in production and employment.

The use of tax reductions as an anti-inflationary tool is less well understood. Indeed, conventional economic theory has maintained that inflation can be controlled through tax increases which, by reducing consumer spending, ease demand for goods and services in inadequate supply. This traditional theory is not applicable, however, to a situation in which inflation is primarily due to cost pressures and is continuing in the face of obvious insufficiency of demand. Tax reductions can be designed to make an important contribution to price stability. Similarly, poorly designed tax increases can worsen inflation.

In considering changes in tax policy, the effect on the real level of economic activity is normally thoroughly discussed. So too are the distributional effects and the potential effects on business incentives. Except at times when a tax increase is thought to be needed to restrict excess demand, as in 1968, the impact of a tax change on changes in price levels seldom receives the same attention.

There are at least two major ways in which tax reductions could be used as part of an anti-inflation policy. First, some taxes -- such as sales taxes and payroll taxes -- enter directly into costs and pricing decisions. Reductions in these taxes have direct and important effects on prices. Second, reductions in taxes imposed on workers -- either income or payroll taxes -- would have the effect of raising after-tax income and thereby reducing the need for money wage increases to sustain real disposable incomes. No serious recent effort has been made in the United States to use tax policy as an integral component of price-incomes policy. However, a number of imaginative suggestions have been made. These suggestions deserve serious study and exploration during consideration of possible tax reductions for next year.

Among the possibilities which deserve consideration is the use of an income tax credit against social security taxes. We have discussed this possibility in several past reports. The economic impact of this type of tax reduction would be identical to that of a reduction in the social security tax itself. However, use of the income tax credit avoids any reduction in Social Security Trust Fund receipts. Maximum anti-inflation impact of this type of tax change would be achieved if it were made an integral part of a voluntary price-incomes policy which also established wage and price standards designed to preserve real after-tax income gains consistent with productivity trends.

An imaginative variant of the income tax credit against social security taxes has recently been suggested. This proposal would make eligibility for the credit dependent on the individual firm's success in adhering to agreed upon price and wage targets. Participation in the plan would be voluntary, but the economic incentive to participate would make it attractive to both labor and management. This proposal deserves serious consideration and discussion.

The Social Security Tax. The Administration's request for a social security tax increase in 1977 is an example of a tax change which could only worsen inflation. The employer share of the social security tax is a cost of production. Increasing this cost would both force prices up and discourage growth of employment.

Additional financing of the social security system may well become necessary in the future. No evidence has been presented, however, that this need is so urgent as to justify economically damaging tax increases in 1977. The current imbalance between trust fund receipts and outlays is a direct result of recent high unemployment and high inflation. The Secretary of the Treasury has informed the Committee that under conditions of full employment social security trust fund receipts in fiscal 1977 would be nearly $10.4 billion higher than the actual estimated level of $96.2 billion. This is substantially more than the $4.4 billion per year which the proposed tax increase would produce. Surely the most desirable way to increase the surplus in the trust funds is through higher employment and reduced inflation.

Chapter IV (pages 99 to 103) discusses the status of the social security trust funds in greater detail. As shown in that chapter, it was only with the high unemployment of fiscal 1976 that trust fund outlays exceeded receipts so that the balance began to decline instead of rise. A return

to full employment would have a dramatic impact on future trust fund receipts.

Similar arguments apply to the proposed increase in the unemployment insurance tax. It, too, would raise labor costs and thus both worsen inflation and discourage increased employment. As discussed in more detail in Chapter IV, there is no compelling reason why this tax must be increased at this time.

Budget Totals. Table III/4 compares the Joint Economic Committee's economic assumptions and estimated budget totals with the official Administration recommendations and with our own estimate of the results of following the Administration's recommended policies.

The Administration has projected a deficit of $43 billion. As we have discussed elsewhere in this report, however, the Administration's unemployment assumption for 1977 is optimistic relative to the restrictive policies which are proposed. Our own estimate is that if Administration policies are followed, unemployment will average 7.8 percent in 1976 and 7.9 percent in 1977. This would reduce receipts and increase outlays for unemployment compensation. In addition, the President's budget assumes receipts of $6 billion from off-shore oil rents and royalties, whereas the CBO projection on which our estimates are based assumes only $1.9 billion. Off-shore oil receipts defy accurate estimation To facilitate accurate comparison of different budget policies, however, columns 2 and 3 of Table III/4 assume $1.9 billion of off-shore oil receipts. When this adjustment and the adjustment for what we consider more reasonable economic assumptions are made in the Administration's budget, the deficit rises from the $43 billion shown in the budget document to almost $60 billion.

The estimated defict which results if the JEC's proposed targets for economic performance are achieved is also in the neighborhood of $60 billion. Outlays are substantially higher than the Administration has

Economic Assumptions and Budget Totals

Economic Assumptions (Calendar years)	Official Administration Estimate	JEC Estimate of Impact of Administration Policies	JEC Policies
Average unemployment rate:			
1976	7.7%	7.8%	7.5%
1977	6.9%	7.9%	6.4%
Percent change in GNP deflator:			
1976	5.9%	5.9%	5.3%
1977	6.3%	6.3%	4.3
Unified Budget totals (FY 1977) (billions of dollars)			
Receipts	$351.3	$341.2	$352.0 to $357.0
Outlays	394.2	400.8	412.0 to 418.0
Deficit	-43.0	-59.6	-60.0 to -61.0

Sources: Office of Management and Budget, Congressional Budget Office, Joint Economic Committee.

proposed, but so too are the receipts produced by a more prosperous economy. The estimates presented in Table III/4 assumes an outlay range of $412 to $418 billion. The receipt estimates assume a tax cut of $10 billion (annual rate) if outlays are assumed to be $418 billion and a correspondingly larger tax cut if outlays are lower. Should the private economy develop more strongly than is assumed in the table, a tax cut of this size would not be needed and the deficit would be smaller.

The projected deficit is about $15 billion less than the $75 billion deficit expected for fiscal 1976. Ironically, a major reason the defict does not drop further is the slower growth of receipts due to a falling rate of inflation.

The virtually identical deficit which result from the Administration's policies and from our proposalsis instructive. The immediate choice. facing the Nation is not the size of the deficit but the degree of progress which can be made toward full employment and price stability. That choice not only has far reaching consequences for the personal well being of individuals and families but important future consequences for the Federal budget. With a healthy, growing economy the deficit will diminish rapidly in future years. With the high unemployment and near stagnation which would result from Administration policies, the deficit could be expected to remain extremely large indefinitely.

Estimated as it would be at full employment, the budget which results from our policy assumptions moves from a deficit of $7-1/2 billion in the first half of calendar 1976 to an approximate balance in the second half of calendar 1977. However the fiscal restriction which this swing would norally imply is largely offset by the recommended expansion of emergency job creation programs (which do not enter into the full employment budget estimate, because they automatically phase out as unemployment is reduced). Thus, the policies we are recommending satisfy the need need for supportive fiscal policy at this time but do so in a way which does not jeopardize progress toward

a balanced budget as the economy moves toward full employment.

Price-Incomes Policy

Continuing studies of inflation which this Committee has conducted over several years have provided convincing evidence that inflation has a multiplicity of causes. Anti-inflation policy must take into account the particular causes of inflation at any particular time. When inflation stems from an excess of consumer demand relative to the immediately available supply of goods and services, policy must be directed toward restricting demand until supply can be adequately expanded. When inflation is coming from such special factors as poor harvests or sudden increases in world prices of other important commodities, the options for dealing with it may be quite limited.

At the present time, inflation is not resulting from any excess of consumer demand. Nor is it deriving from excessive government spending. Nor are special supply problems in particular markets creating unusual inflationary pressure.

Nor can inflation presently be explained in terms of rapidly rising unit labor costs. Unit labor costs in the private nonfarm economy rose at a rate of less than 2 percent during the last three quarters of 1975, dramatically illustrating the point that recovery brings productivity gains which hold costs under control and make greater

price stability possible. The puzzling and disturbing factor in the experience of this recovery to date is that, while productivity and unit labor costs have responded as expected, the rate of increase of many industrial prices accelerated late in 1975.

It is difficult to find an explanation for this price behavior. It may result from widespread expectations of future inflation. It may result from anticipation of possible future price controls. It may stem from a desire to boost profits or recover past cost increases. Certainly it appears doubtful that prices in recent months have been rising at a rate which has a good economic justification. This in itself indicates that an active but voluntary price-incomes policy would be of great benefit at this particular time. Such a policy should have two elements -- first, an investigation of the extent to which price and compensation increases are justifiable, and second, a program for voluntary cooperation in holding such increases to the necessary minimum.

Two additional factors strengthen the case for such a policy. First, profits are expected to rise rapidly this year. The Council of Economic Advisers expects at least a 25-percent increase in operating profits. Second, a large number of workers will be involved in major union contract negotiations this year. Stronger profit positions will both weaken employer incentives to resist union wage demands and increase union incentives to seek generous contract settlements. Yet neither labor nor business will benefit if both prices and wages continue to rise rapidly.

Important progress toward price stability is possible this year and next if proper policies are adopted. The proper policy is not, however, restriction of aggregate demand. Demand is not

excessive and is not about to become so. Restrictive policies can only do more harm than good.

The proper approach to reducing inflation at this particular time lies in the enunciation of specific targets for wage and price adjustments, followed by vigorous efforts to achieve voluntary compliance with these standards. It is clearly in the interest of all major elements in the economy that the rate of inflation be further reduced. Statesmanlike leadership by the President could achieve a high degree of compliance with a voluntary price-incomes policy.

Comprehensive price or wage controls are neither necessary nor desirable. We oppose both. However, should voluntary compliance with reasonable price and wage standards prove impossible to achieve, the provision of selective authority to delay price increases in instances of signal importance to the economy would be preferable to the indefinite toleration of inflation at rates of 6 percent or greater. The Chairman of the Federal Reserve Board of Governors expressed his support for such a policy in recent testimony before this Committee, stating:

> . . . a policy that would permit modest delay in key wage or price increases, thus creating opportunity for quiet governmental intervention or for public hearings and the mobilization of public opinion, may yet be of significant benefit in reducing abuses of private economic power and moving our Nation towards the goal of full employment and a stable price level.

Typical forecasts assume an increase in average hourly compensation of about 8 percent this year. However, this expectation is reasonable only if the rate of price increase declines. Given an expected rate of productivity gain of more than 3 percent,

if wage increases average around 8 percent in 1975, there would appear to be no justifiable reason for the average rate of price increase to exceed 5 percent . Put another way, if the rate of price increase can be held to 5 percent this year, both real wage gains in line with productivity trends and important progress toward price stability can be achieved. As discussed earlier, tax policy can also be used to further contribute to the maintenance of workers' real disposable incomes.

During the second half of 1975 price development did not accord with expectations as to a reasonable rate of price increase. As shown in the Tables in Chapter II (page 19), consumer prices rose at a rate in excess of 7 percent in the second half of last year, and the rate of increase for wholesale industrial prices rose to 10 percent in the fourth quarter. The January price data were more encouraging, with the consumer and wholesale industrial price indexes each rising only 0.4 percent (or at an annual rate of about 5 percent). Only limited significance can be attached to any one months's data. Our analysis of the underlying causes of inflation leads us to conclude, however, that the chances of holding the inflation rate to about 5 percent this year are quite good, provided an effective price-incomes policy is adopted.

The President should establish and vigorously support a voluntary program designed to insure that price increases are held to a necessary minimum during 1976 and that real wage increases are in line with productivity gains, taking into account the expected rate of price increase. The Council on Wage and Price Stability should be given full Presidential support in the use of its authority, including its subpoena authority, to investigate price increases and to seek compliance with price and income standards. As discussed in the previous section,

tax policy should also be used to contribute to the achievement of a satisfactory rate of increase in workers' real disposable incomes. We believe such a program can succeed in reducing the inflation rate to 5 percent this year and 4 percent by the end of next year. This goal can be achieved without resort to comprehensive price or wage controls, to which we are opposed.

The Council on Wage and Price Stability has conducted several useful investigations and published some thorough and critical studies of industry pricing practices. It could be much more effective, however, in establishing a comprehensive price-incomes policy and achieving cooperation with such a policy if it had the firm and unequivocal backing of the President and other high government officials, and if adequate staffing and resources were placed at its disposal.

Given the avowed concern of this Administration with the problem of inflation and given the major contribution which we believe an active price-incomes policy can make, it is both a surprise and a disappointment that neither the President's Economic Report nor the accompanying Report of the Council of Economic Advisers contains any discussion whatsoever of price-incomes policy. Several inflationary actions and proposals by the Administration are also puzzling. The proposal for payroll tax increases next year and the recent veto of legislation which would have facilitated reasonable wage settlements in the construction industry are examples.

The complacency exhibited by the Administration with regard to its own forecast that the inflation rate will remain at approximately 6 percent throughout the coming two years is remarkable. It comes very close to representing an open invitation to business and labor to engage in competitive

escalation of prices and wages. Nothing could be more damaging to the economy at this time. The Administration is correct in its contention that high inflation rates pose a threat to the continuation of economic recovery. Yet the Administration is content to leave untested the policy which in our judgment represents the most promising approach to bringing inflation down.

Monetary Policy

The crucial importance of monetary policy in sustaining a strong economic recovery can scarcely be overstated. The federal budget can provide extra temporary support in a time of recession, but steady and continuing growth of output and employment must rest with a strong private sector and especially with the business investment sector. This is all the more true now that we have entered a period in which State and local governments can no longer be looked to as a strong growth sector.

The single policy tool of greatest importance in encouraging private investment is monetary policy. Tax changes can also affect investment, but their importance is dwarfed by the far greater importance of an adequate supply of money and credit. A monetary policy which accommodates investment demands will be of key importance not only this year but through the remainder of this decade.

Recent Financial Development. The behavior of the credit markets in recent months has surprised most observers. During the second half of 1975, bank loans to business grew scarcely at all, interest rates were virtually unchanged, and the money supply grew at a less than 3-percent rate. In January both the money supply and business loans actually fell and, as shown in Table III/5, short-term rates

Table III/ 5

Money Supply, Bank Lending, and Interest Rates

Percent Change (Seasonally adjusted annual rate)	Dec.1974-June 1975	June-Dec. 1975	Selected Interest Rates	June 1975	Dec. 1975	Jan. 1976
Money Supply (M_1) a/	5.7%	2.8%	3-month treasruy bill	5.2%	5.5%	5.0%
Money Supply plus net time deposits (M_2) b/	10.0%	6.6%	Prime bank rate	7.0%	7.25%	6.75%
Business Loans c/	-6.8%	1.6%	Aaa Corp. bonds d/	8.8%	8.8%	8.6%
			Home Mortgage Yields e/	9.2%	9.4%	9.3%

a/ Currency plus demand deposits
b/ Currency, demand deposits, and time deposits at commercial banks other than large CD's
c/ Commercial and industrial loans by commercial banks
d/ Moody's
e/ FHA, new homes
Sources: Federal Reserve Board of Governors, Treasury Department, Moody's Investor's Service, Department of Housing and Urban Development.

dropped noticeably. While this combination of developments might be expected at the trough of a recession, it is a puzzling development six months into a recovery.

Several special factors offer a partial explanation of these events: bank lending policies have been unusually selective, business financing has undergone a shift toward longer term instruments, changes in Federal Reserve regulations have produced shifts from demand deposits to savings deposits. Even after taking these special factors into account, however, loan demand still appears surprisingly weak for a recovery period. This weakness underscores the need for a monetary policy which encourages private investment.

Of particular concern is the fact that the money supply, however measured, grew only very sluggishly in the second half of last year, and not at all in December and January. This does not necessarily represent a tightening of monetary policy, but more probably the surprising weakness in the demand for credit.

Monetary Policy for 1976. The unusual behavior of the money supply poses a dilemma for monetary policy during the remainder of this year. Output cannot continue indefinitely to grow at a rapid pace while the money supply grows so slowly. If the recovery continues at the desired pace, the demand for money will increase, perhaps quite suddenly. If so, this demand should be accommodated, and accommodated at short-term interest rates little if any higher than at present. Long-term interest rates should be permitted and encouraged to decline. If accommodative monetary policy causes the money supply to grow for a time at a rate exceeding the Federal Reserve's targets, this should not be a cause of concern. As shown in Table III/6, the

68-249 O - 76 - 40

Table III/6
Monetary Aggregates: Federal Reserve Targets and Actual Performance

Date Target Announced	Base Period	Percent Changes in Monetary Aggregates: Target Ranges			Actual Performance to Date (seasonally adjusted annual rate)		
		M_1	M_2	M_3	M_1	M_2	M_3
May, 1975	March 1975 - March 1976	5 - 7 1/2	8 1/2 - 10	10 - 12	4.8	8.9	11.9
July, 1975	2nd Quarter 1975 to 2nd Quarter 1976	5 - 7 1/2	8 1/2 - 10	10 - 12	4.9	8.3	11.7
November, 1975	3rd Quarter 1975 to 3rd Quarter 1976	5 - 7 1/2	7 1/2-10 1/2	9 - 12	2.5	6.2	9.5
February, 1976	4th Quarter 1975 to 4th quarter 1976	4 1/2-7 1/2	7 1/2-10 1/2	9 - 12	n.a	n.a	n.a

Definitions: M_1: Currency plus demand deposits
M_2: M_1 plus time deposits at commercial banks other than large CD's
M_3: M_2 plus deposits at nonbank thrift institutions

Source: Federal Reserve Board of Governors

Federal Reserve has recently demonstrated its willingness to revise its targets downward when money supply growth fell below expectations. The same flexibility should be available with respect to the upper end of the range.

At times during 1976, money supply growth may be both rapid and erratic. This should not be a cause for concern so long as interest rates conform to a pattern which encourages the credit flows necessary to economic recovery. This is not to say, however, that we have no concern about the rate of growth of the monetary aggregates. As the economy returns toward full employment, money supply growth must be brought into line with the economy's growth of potential.

During the remainder of 1976, monetary policy should be conducted so as to avoid any substantial rise in short-term interest rates and to encourage reductions in longer term rates. Temporary fluctuations in the rate of growth of the monetary aggregates should not precipitate monetary policy changes so long as the pattern of interest rates is satisfactory. Over the longer run, however, growth of the monetary aggregates must be in line with potential growth of real output.

IV. FEDERAL BUDGET PRIORITIES

As the President stated in his budget message to the Congress, "The budget reflects the President's sense of priorities. It reflects his best judgment of how we must choose among competing interests and it reveals his philosophy of how the public and private spheres should be related." This last statement concerning the division of resources between the public and private spheres has become an increasingly controversial aspect of the budget debate in recent years. For this reason, the following discussion attempts to place the relationship between the Government and the private sector in perspective before discussing priorities within the budget itself.

Many people seem to have the impression that the influence of Government is expanding inexorably and threatens to overwhelm the economy by consuming an ever-increasing portion of our national output. This impression has been fostered by statements of government officials and by individuals' own perceptions of the influence of the Government, especially government regulations, on their lives. The result seems to be a widespread desire to curtail the Government's role. Before slashing the Federal budget, however, one must ask whether a smaller Federal budget is the logical response to this desire of some people for less government involvement in the private sector. An examination of the sources of the increase in government influence on the private sector is helpful.

Table IV/1 shows the relationship of Federal spending and State and local spending to the overall economy. The first three columns show the relationship that would have been observed had there been no cyclical fluctuations in the economy; the last three columns show the actual relationship. As the table shows, the Federal share of total output has been relatively stable (varying between 17 and 21 percent) when adjusted for cyclical fluctuations.

Table IV/1. Relationship of Government Expenditures to Gross National Product
(NIA basis, calendar years)

Year	Adjusted for Cyclical Behavior: Federal Expenditures As % of GNP	Adjusted for Cyclical Behavior: State & Local Expenditures As % of GNP	Adjusted for Cyclical Behavior: Combined As % of GNP	Actual: Federal Expenditures As % of GNP	Actual: State & Local Expenditures As % of GNP	Actual: Combined As % of GNP
1952	20.8	7.5	27.5	20.5	7.3	27.1
1953	21.0	7.6	27.8	21.1	7.5	27.8
1954	18.5	8.0	25.7	19.1	8.2	26.5
1955	17.0	8.2	24.5	17.1	8.2	24.5
1956	16.8	8.4	24.5	17.1	8.5	24.8
1957	17.3	8.7	25.1	18.0	9.0	26.0
1958	18.1	9.2	26.2	19.8	9.9	28.4
1959	17.8	9.2	25.6	18.7	9.6	27.0
1960	17.2	9.3	25.2	18.4	9.8	27.0
1961	17.9	9.7	26.4	19.5	10.4	28.5
1962	18.6	9.8	27.1	19.6	10.3	28.5
1963	18.5	10.1	27.1	19.2	10.6	28.2
1964	18.0	10.5	26.9	18.6	10.8	27.7
1965	17.8	10.8	27.1	18.0	10.9	27.3
1966	19.4	11.4	28.8	19.1	11.2	28.4
1967	20.6	11.9	30.5	20.6	11.9	30.5
1968	21.0	12.4	31.3	20.8	12.3	31.0
1969	20.1	12.5	30.5	20.1	12.6	30.5
1970	19.7	12.9	30.2	20.8	13.5	31.8
1971	19.4	13.3	30.1	20.7	14.0	32.0
1972	20.0	13.5	30.3	20.9	14.0	31.7
1973	19.7	13.5	30.1	20.3	13.9	31.0
1974	19.5	13.2	29.8	21.3	14.3	32.5
1975 p/	20.1	12.9	29.9	23.8	14.8	35.0
1976 e/	20.6	12.9	29.8	23.6	14.6	34.2

p/ Preliminary

e/ Estimates from various budget documents, the Economic Report of the President, the Joint Economic Committee staff, and the Council of Economic Advisers. 1976 outlays are based on the proposals in this Report.

The State and local share, however, increased steadily from about 7 - 1/2 percent in 1952 to almost 13 percent in 1970. The share of total output devoted to expenditures by all governments combined increased from about 27 percent in 1952 to about 30 percent in the late 1960's and, since that time, has remained relatively stable. Since there has been relatively little growth in cyclically adjusted government spending as a percent of GNP, and since a significant part of the increase which has occurred has resulted from State and local spending, an attack on the Federal budget seems unwarranted.

Often people observe past trends and project them into the future without considering whether it is reasonable to expect that past trend to continue. This is certainly reasonable for some elements of government spending. But an examination of the reasons for growth in government spending shows that many of these sources of growth will not exist in the future. For example, much of the growth in State and local expenditures has been related to providing public education. But the postwar baby boom now is moving into the labor force, and the school-age population has ceased to grow rapidly. Hence it will be unnecessary for State and local governments to devote so many resources to providing public education. One of the major sources of growth in Federal spending has been for retirement programs. Social security benefits have been expanded to cover more and more of the retired population. Today almost 100 percent of the retired population is eligible for these benefits. Expanding coverage is not expected to be a major source of expenditure growth in the future. When these factors are considered, there is no reason to believe that government spending is out of control or that it is likely to increase as a share of total output. Projections published recently by the Congressional Budget Office demonstrate that the continuation of present policies would result in a decline in Federal expenditures to about 20 percent of GNP in 1981. Adjusted for cyclical fluctuations,

Federal outlays would be only about 18 percent of GNP in 1981. 1/

A second and legitimate concern about the expanding role of Government centers around the effect of regulations. Federal and State regulations influence most aspects of our daily lives -- transportation, communications, working conditions, power usage, and so on. Considering their far-reaching influences, regulatory agencies consume a very small fraction of government expenditures. At the Federal level, the regulatory agencies represent less than 1-1/2 percent of total Federal expenditures. Clearly, an attack on Federal spending will have little influence on the behavior of these regulatory bodies. Any serious effort to reduce unnecessary regulation will require a commitment from the Administration to rewrite many regulations within existing legal guidelines and cooperation from the Congress in changing legal guidelines that have proved unnecessarily restrictive.

We reject the notion that trends in total government expenditures can best be controlled by focusing exclusively on the Federal budget. State and local spending has played the major role in the growth of total government outlays. It is also clear that a significant part of the average citizen's interaction with the Government is not directly related to budget outlays.

In preparing our recommendations on expenditure policy; we have not found the President's budget very useful. One problem is the unrealistically high estimate of the economic growth that would result from the President's policies. As discussed in Chapter II, we estimate that the President's policies would produce an average unemployment rate exceeding 7-1/2 percent in fiscal 1977. Consequently we regard the

---

1/ Five-Year Budget Projections, Fiscal Years 1977-1981, Congressional Budget Office, January 26, 1976, "Path B" assumptions.

budget estimates for unemployment compensation and related programs to be unrealistically low. Another area in which the Administration's estimates have been consistently poor is the receipts from the sale of offshore oil leases. In fiscal year 1975 these receipts were originally estimated at $6.3 billion; they are now estimated at $2.4 billion for that year. In fiscal year 1976 the original estimate was $8 billion but it has now been revised to $3 billion. The fiscal year 1977 budget estimates next year's receipts at $6 billion, but we think CBO's estimate of $2 billion is more realistic. A third problem with the President's budget estimates is that they incorporate policy recommendations unlikely to be adopted. As discussed throughout this report, many of those recommendations are unreasonable and should not be adopted. For all of the above reasons, the Current Services Budget provides a far better and more neutral starting point from which to consider budget policy for next year.

Federal budget priorities are not made in a single year and rarely are they changed radically in one year. Rather, they tend to evolve gradually over constant and steady efforts over several years. Table IV/2 demonstrates how proirities have evolved since 1965 and how they would change if the President's 1977 budget porposals are adopted. This table shows that about 39-1/2 cents of each additional budget dollar spent between 1965 and 1970 went for national defense, 22 cents went for income security programs, 14-1/2 cents went to health programs, and 10 cents went for interest payments. Between 1970 and 1975 there were major changes. Only about 5-1/2 cents of each additional dollar went to national defense while income security programs received about 51 cents and health programs received

Table IV/2

Percentage Distribution of Change in Budget Outlays by Functional Category, Fiscal Years 1965-1980

Category	1965-1970	1970-1975	1975-1980
National defense	39.3	5.7	29.0
International affairs	- .6	.6	2.3
General science, space & technology	-1.7	- .4	.3
Natural resources, environment & energy	1.0	4.3	3.4
Agriculture	1.7	-2.7	.7
Commerce & transportation	2.8	5.4	1.7
Community & regional development	2.7	.9	1.0
Education, training, employment & social services	7.4	5.7	.1
Health	14.5	11.3	10.0
Income security	22.3	51.2	39.0
Veterans' benefits & services	3.8	6.2	- .2
Law enforcement & justice	.6	1.5	.3
General government	.5	.9	.3
Revenue sharing & general purpose fiscal assistance	.4	5.1	.6
Interest	10.1	9.9	10.1
Undistributed offsetting receipts	-4.4	-5.9	-5.1
Allowances	--	--	6.7
TOTAL a/	100.0	100.0	100.0

a/ Individual items may not sum to totals due to rounding.

Sources: The Budget of the U.S. Government, Fiscal Year 1977, and the Office of Management and Budget.

about 11-1/2 cents. If the projections presented in the President's 1977 budget actually occur, priorities will shift again between 1975 and 1980. National defense would receive 29 cents of each additional budget dollar. Income security programs would receive about 39 cents, and health programs would get about 10 cents. Other changes are smaller and are shown in Table V/2.

Within the total level of spending suggested by the President in fiscal year 1977, there are major changes which, if adopted, would lead to significant shifts in budget priorities. As Table IV/3 shows, the increase in the total budget is about 4 percent. When compared with the projected inflation rate of 6 percent, this implies a reduction in real services. In the national defense portion of the budget, the President has requested an increase in outlays of about 7.2 percent. Thus national defense would increase in real terms. If the nondefense portion of the budget is examined separately, it shows an increase in spending of about 3-1/2 percent, or a reduction in real terms (assuming 6 percent inflation) of approximately 2-1/2 percent.

Another way to view the President's budget proposals is to compare his suggested expenditures with the level of outlays that is necessary to provide approximately the same government services in fiscal year 1977 as in the current year. This comparison is one that this Committee has found useful for several years. The current services budget provides a neutral baseline for analysis which does not contain the policy

Table IV/3

Change in Federal Outlays by Functional Category, Fiscal Year 1977 Over 1976

Category	Billions of Dollars	Percent (Adjusted for Transition Quarter)
National defense	$ 8.4	7.2%
International affairs a/	- .2	- 2.3
General science, space & technology	.2	3.6
Natural resources, environment & energy	2.0	13.2
Agriculture	-1.2	-31.9
Commerce & transportation	-1.3	- 5.9
Community & regional development	.3	- 3.7
Education, training, employment & social services	-2.3	- 9.7
Health	2.3	5.6
Income security	8.6	5.3
Veterans' benefits & services	-1.8	- 7.7
Law enforcement & justice	c/	--
General government	- .1	- 2.6
Revenue sharing & general purpose fiscal assistance	.2	2.0
Interest	6.5	14.6
Allowances	2.1	--
Undistributed offsetting receipts b/	-3.6	-18.7
TOTAL d/	$19.3	4.1%

a/ Includes Export-Import Bank in 1976 total for accurate comparison to 1977.
b/ Includes a $3 billion increase in estimated receipts from sale of offshore oil leases.
c/ Less than $50 million
d/ Individual changes may not sum to totals due to rounding.
Sources: The Budget of the U.S. Government, Fiscal Year 1977, and the Joint Economic Committee

changes incorporated in the President's budget. It is a projection of the spending that would result from an extension of existing law, from changes anticipated in case loads of entitlement programs such as social security and medicare, and from a continuation of other policies now in effect.

By comparing the President's proposed spending for 1977 with the current services level of spending for 1977, one can easily see where the President has focused his recommendations for policy change. As Table IV/4 demonstrates, the total reduction in expenditures would be about $29 billion, with the largest cuts occurring in income security; health; and education, training, employment, and social services. Table IV/4 also indicates a decline in national defense, relative to the current policy level. There is some distortion, however, in comparing this category with other functions because of its different treatment of pay increases. The increase in pay for all civilian agency employees is lumped together in the line labeled "allowances," while the pay increase for defense employees is added to other spending in the national defense category. Since the President has proposed as a policy change to limit pay increases to an average of 4.7 percent, and the "current services" level includes approximately a 12-percent increase in accordance with the current standard providing for comparability with the private sector, there appears to be a decline in national defense. If an adjustment is made for this different treatment of military pay increases, the President's proposed expenditures for national defense would be slightly above current services levels.

Budget-Related Changes

Within our fiscal policy recommendations, we further recommend several budget changes which must be explicitly considered by the Budget Committees. The following discussion focuses first on the special policies needed to achieve full employment. State and local government policies, income security issues and defense spending are discussed. The concluding section focuses on possible prgram reductions.

Table IV/4

Estimated Outlays by Function, Fiscal Year 1977
(billions of dollars)

	President's Budget Request	Projections of Current Policy a/	Change Implied by Budget Request
National defense	101.1	103.4	- 2.3
International affairs	6.8	6.8	0.0
General science, space and technology	4.8	5.0	- 0.2
Natural resources	13.5	14.4	- 0.9
Agriculture	1.7	2.3	- 0.6
Commerce & transportation	16.5	18.5	- 2.0
Community & regional development	5.5	7.7	- 2.2
Education, training, employment and social services	16.6	21.5	- 4.9
Health	34.4	37.6	- 3.2
Income security	136.5	143.4	- 6.9
Veterans' benefits & services	17.2	18.8	- 1.6
Law enforcement	3.4	3.7	- 0.3
General government	3.4	3.6	- 0.2
Revenue sharing	7.4	7.3	0.1
Interest	41.3	42.2	- 0.9
Allowances	2.3	2.0	0.3
Offsetting receipts	-18.8	-15.5	- 3.3
TOTAL	393.6	422.7	-29.1

a/ This estimate provided by the Congressional Budget Office. It is based on the mean of Path "A" and "B" as described in Five-Year Budget Projections, Fiscal Years 1977-81, Congressional Budget Office, January 26, 1976.

b/ Individual items may not sum to totals due to rounding.

A. Special Policies to Achieve Full Employment

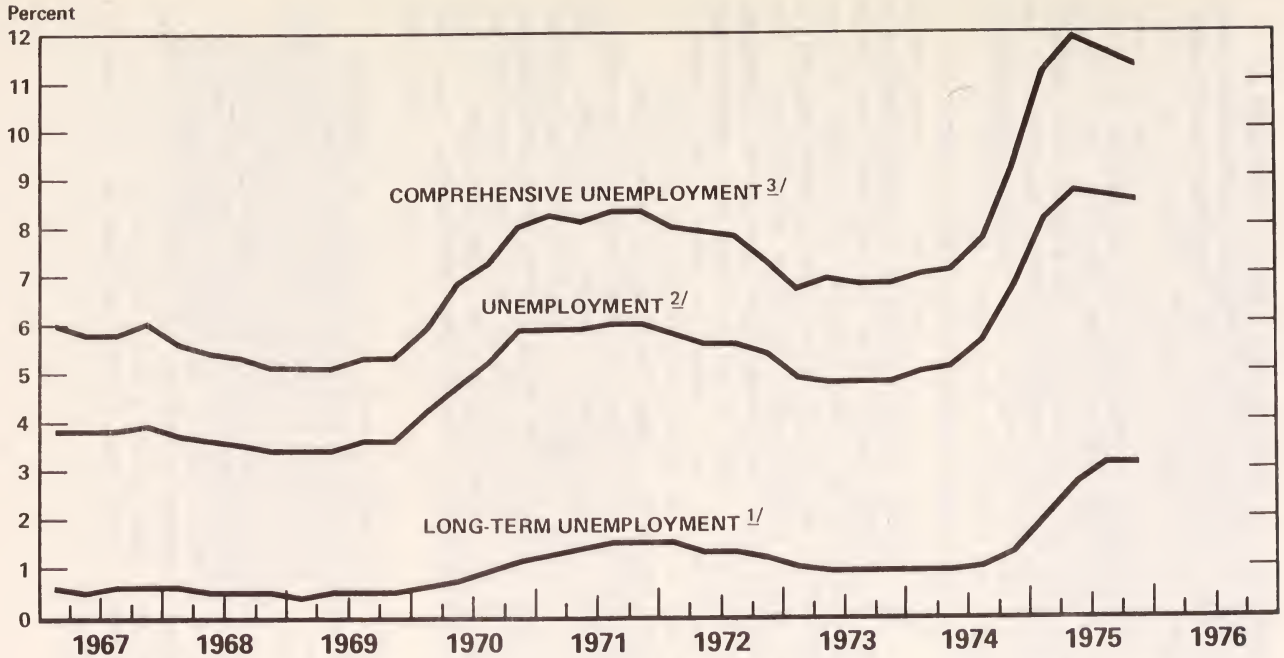
As Chart IV/1 shows, the official unemployment rate reported by the Bureau of Labor Statistics reached a peak of 8.9 percent in May 1975 and has declined since then to 7.8 percent in January. The comprehensive unemployment rate, including allowance for discouraged workers and persons limited to part-time work by poor economic conditions, reached nearly 12 percent. If the President's proposals for a more restrictive fiscal policy in 1977 are adopted, however, we can expect little, if any, further decline in unemployment this year or next. The human and economic costs of continuing high unemployment need not and should not be accepted. Not only would such unemployment seriously threaten the welfare of millions of American families -- and leave in want hundreds of thousands who will exhaust their unemployment compensation in 1976 -- it also would do major long-run damage to the economy as productive capacity stands unused, national needs go unmet, and prolonged idleness erodes workers' skills.

The High Cost of Extended Unemployment

A critical and often ignored effect of the 1973-75 recession is the sharp rise in the duration of unemployment during the past year. In January 1976, almost 2.8 million (36 percent) of the 7.3 million jobless had been idle for 15 weeks or more.

Chart IV/1

UNEMPLOYMENT INDICATORS



Selected Quarterly Unemployment Rates

1/ Fifteen weeks or longer as percent of civilian labor force.

2/ Unemployed as percent of civilian labor force as reported monthly by BLS.

3/ Full-time job seekers plus one-half part-time job-seekers plus half of those working part-time for economic reasons plus discouraged workers.

Source: Bureau of Labor Statistics

By contrast, in January 1975, only 21 percent of the unemployed were idle 15 weeks or more, and during the 1967-70 period, the long-term unemployed averaged only 15 percent of the total.

The number unemployed for six months or longer has increased even more sharply. In January 1975, 8.5 percent of the jobless had been out of work for six months or more; in January 1976, it was 21.5 percent. The actual number unemployed six months or more was 1.6 million in January 1976, almost triple the number a year ago.

The persistence of long-term unemployment creates a serious danger that much of what now is considered cyclical unemployment will become "structural," and the difficulties of solving the unemployment problem will increase sharply. 2/ Eliminating cyclical unemployment requires recovery of the economy. Dealing with structural unemployment requires not only adequate overall job opportunities, it also means providing workers with remedial education, job training or retraining, psychological assistance, motivation, and placement assistance to help them to compete in the job market. In the longer run, the President's go-slow policies, which reduce unemployment only gradually, will be more costly to the country than would an emergency job creation program which provided immediate work for many of the unemployed.

2/ Cyclical unemployment refers to a situation in which workers are laid off or cannot find jobs because of a general economic recession and an overall shortage of jobs. Structural unemployment refers to a situation in which certain groups of workers cannot compete successfully in the labor market because of a deficiency of skills or education, a depressed regional economy, or discriminatory hiring practices. Such workers have difficulty finding satisfactory jobs even during periods of high overall employment.

There are several ways in which cyclical unemployment can become a more serious and lasting unemployment problem. For instance, during a protracted period of idleness, experienced workers lose job skills. In addition, the psychological impact of enforced joblessness and dependence is demoralizing and affects attitudes toward work. The experience affects workers' fitness for work and creates problems for some in getting and keeping regular jobs.

Second, many young workers entering the labor force for the first time will not obtain needed work skills and experience. Often, the first three or four years of full-time employment are used to experiment with different kinds of jobs and to become accustomed to the demands of full-time work. Because of the high unemployment rates expected for the next several years, many young people may reach age 25 without ever holding a full-time job.

Third, although most firms can endure short periods of underutilization without impairment of their ability to recover, a longer period of poor business may prove fatal to firms in tenuous financial condition. If such firms employ specialized skilled workers or are located in cities or towns with few alternative employers, workers may then need retraining, placement, and relocation assistance to regain productive jobs.

The costs to the Nation of prolonged unemployment are unacceptable. The goal of economic policy should be to reduce the unemployment rate to 6 percent by the end of 1977 and eventually to achieve an unemployment rate no higher than 3 percent of the adult labor force.

68-249 O - 76 - 41

The Proper Role for Unemployment Compensation

Until recently, the Administration's policy toward high unemployment has been (1) to extend unemployment benefits to cushion financial hardship while waiting for the private sector to begin rehiring, and (2) to accept reluctantly a modest program of public job creation through emergency funding and diversion of funds from training and other programs intended to deal with structural unemployment.

The regular State unemployment insurance programs pay up to 26 weeks in benefits, plus an additional 13 weeks during periods of high unemployment. The severity of the 1973-1975 recession, however, made extending unemployment compensation imperative.

Early in 1975, Special Unemployment Assistance was enacted to provide Federally funded compensation to some 12 million workers not covered by State programs -- mainly local government, farm, and household workers. In addition, the maximum duration of benefits for persons covered by State programs was extended from 39 to 65 weeks through the Federal Supplemental Benefits Program. Both of these programs will expire in March 1977, unless they are extended by Congress.

More than 24.5 million workers received unemployment benefits at some time during 1975. The average weekly number receiving benefits rose from less than 1.8 million in 1973 to almost 5.9 million at the March 1975 peak, and it still exceeds 4 million. During 1975, however, almost 1 million workers exhausted their 65 weeks of unemployment compensation provided under the Federal Supplemental Benefits Program.

In December 1974, Congress provided some 300,000 public service jobs under Title VI of the

Comprehensive Employment and Training Act, a new title added by Congress, in the Emergency Jobs and Unemployment Assistance Act.

In his 1977 budget, however, the President proposes to cut both public jobs and unemployment benefits at a time when both are still badly needed. The Report of the President's economic advisers states that "unemployment will almost surely remain distressingly high this year" and that "the social hardships and economic waste associated with the current level of unemployment should not be underestimated." 3/ But the budget seems designed to prolong the unemployment and to exacerbate the hardship.

The President proposes cutting almost every program assisting the unemployed. Some 260,000 public service jobs out of a current total of 310,000 jobs would be cut by September 1977. The Federal contribution to the wages for these jobs would be slashed from $10,000 to $7,000 per year. In addition, federally funded summer jobs for youths would be cut by 100,000 in 1976 and by 70,000 more in 1977. Finally, the President recently vetoed the $6.1 billion Local Public Works Capital and Development Act, designed to create several hundred thousand new jobs and to use unemployed resources to improve public facilities.

Unemployment compensation also would be cut. The emergency, federally funded benefits described above would be allowed to expire. This would make some 450,000 jobless persons ineligible for further payments.

We cannot accept this callous approach to the needs of the unemployed. While the Committee believes strongly that primary reliance in treating unemployment should be shifted from benefit payments

---

3/ Economic Report of the President, 1976, p. 19.

to job creation, as will be outlined in the next section of this chapter, it believes that unemployment benefits must continue to be provided until an adequate jobs program is in place. It believes, moreover, that some reforms in the unemployment insurance system are needed to raise the ceiling on benefits and to create more uniformity in payments among States.

The amount of benefits paid under current law is 50 percent of the worker's average weekly earnings, up to a maximum that varies by State. Because of the maximum, over 40 percent of all claimants in fiscal year 1975 received less than 50 percent of the average earnings from their previous employment. In previous years this figure has been higher (52 percent in 1970 and 1971).

A greater number of workers should be receiving 50 percent of their average weekly wage. To achieve this goal, the States should be required by Federal law to raise the maximum weekly benefit to two-thirds of the statewide average weekly wage in each State. The Federal Government should provide interim financing for two years to give States time to change their laws. The cost of such a program would be approximately $1 billion in fiscal 1977.

After a period of widespread use of unemployment claims, however, it also is time for a basic review of the standards and operations of these programs to assure that eligibility requirements are appropriate and well enforced and to assess the future financial soundness of the unemployment insurance system.

<u>The maximum weekly unemployment benefit should be increased to two-thirds of the statewide wage in each State. Individuals should receive at least 50 percent of their previous weekly wage up to the maximum. After this extended period of high unemployment it is time for an</u>

in-depth review of unemployment insurance programs, including eligibility requirements.

The Committee believes, however, that a policy based on extending unemployment insurance is totally inadequate as a primary response to a deep, prolonged period of high unemployment such as the present one. In this situation, jobs are needed. It is indefensible to pay people for such an extended period and to keep them idle.

First, unemployment compensation is a very expensive way to deal with long-term unemployment. Its cost will be over $18 billion in fiscal year 1976, or $14 billion more than at full employment. The cost including food stamps, aid for dependent children, and other income maintenance programs affected by the economic slump will be over $19 billion more than at full employment. 4/ The President's go-slow policies would guarantee continuing high outlays for these purposes for the rest of this decade.

Second, society receives no useful product from those on unemployment insurance. Reliance on this form of relief as the primary response to long-term unemployment constitutes a terrible waste of manpower resources in view of the Nation's many unmet needs. The 300,000 jobs provided under the Emergency Jobs and Unemployment Assistance Act are a great improvement over unemployment compensation, but this is a small program relative to the size of the problem and leaves more than 7 million Americans still unemployed.

Moreover, the diversion into countercyclical public service jobs of funds intended for job training and work experience under Titles I and II of the Comprehensive Employment and Training Act (CETA)

4/ Congressional Budget Office.

thwarts the intent of that legislation, which was to provide jobs and training to persons handicapped by poor education or other deficiencies. Although the CETA legislation contains safeguards against such diversion of funds, data on program participants clearly indicate that Title II funds, which were specifically allocated to train disadvantaged workers for regular public employment, have gone recently to employ persons not in this category. This policy reduces the funds available to help structurally disadvantaged workers become self-supporting.

> A comprehensive strategy for dealing with unemployment is essential to overall economic recovery. An antirecession program, however, should place primary emphasis on providing jobs -- in the private sector to the extent possible, but supplemented by emergency public works jobs and public service jobs as necessary. Unemployment compensation should be used to assist workers who are jobless for relatively short periods of time. Until enough jobs are provided, however, unemployment compensation or other income support must be extended. Federal supplemental unemployment benefits should be phased out with the implementation of an adequate jobs program. 5/

5/ Senator Proxmire states: "This could become a very costly program unless done right. I advocate that the Government become the employer of last resort by providing useful work at the unemployment compensation rates of those laid off (plus the cost of getting to work) and at the minimum wage for those with no unemployment compensation eligibility who are entering the labor force. In this way useful work can be performed for the society at little added cost."

A Program of Job Creation

The pessimistic unemployment projections for the rest of this decade make job creation the vital issue facing Congress this year. Right now, there are over 7 million Americans unemployed. In addition, about 2-1/2 million more workers can be expected to enter the labor force this year. In light of this, we believe that it is important for economic policy to aim to expand employment by about 3-1/2 million jobs during 1976. Almost as large a growth of employment will again be needed in 1977 if unemployment is to continue rapidly declining.

In addition to the fiscal and monetary policies described in Chapter III, achievement of this job goal will require an enlargement of government job creation programs to about one million jobs in 1977. Such programs should be accompanied by new incentives to step up private sector hiring.

Public Job Creation. Direct public job creation, according to a number of studies including one recently issued by the Congressional Budget Office, 6/ is the quickest and surest form of job stimulus the Federal Government can undertake. An antirecession jobs program, according to these studies, reduces unemployment more sharply than any other spending measure.

Currently, some 300,000 public service jobs are being funded under Title VI of the Comprehensive Employment and Training Act. If pending legislation is enacted, the funding level for this program through fiscal 1977 will be $5.9 billion, or enough to enlarge the public service employment to 600,000 jobs. Provision for fiscal 1976 outlays under this program was included in the Second Concurrent

---

6/ Temporary Measures to Stimulate Employment, Congressional Budget Office, September 2, 1975.

Resolution on the 1976 Budget. In fiscal 1977 we believe that it should be increased to about one million jobs.

Two objections often are raised against temporary government job creation programs. One is that, although described as temporary, they may be allowed to continue after the need for them has passed. For this reason, we recommend again, as we have in the past, that countercyclical programs be tied explicitly to the unemployment rate. Then the spending authority for these programs will expire automatically when unemployment returns to more satisfactory levels.

As a formula to provide this link, we have suggested in past reports that a temporary jobs program be funded to create 250,000 jobs for each 1/2 percentage point by which the unemployment rate exceeds 5 percent in the absence of the program. With the unemployment rate now expected to average close to 7.0 percent in fiscal 1977, this formula suggests a need for one million emergency jobs. With such a program and with an overall economic policy which supports recovery, the unemployment rate can be reduced to 6 percent or less by the end of calendar year 1977.

A second objection to emergency jobs programs is that these programs create public rather than private jobs. We share this concern and have no desire to create public jobs at the expense of private jobs. Both monetary and fiscal policy should be designed to encourage the maximum feasible growth of private employment this year and next. At the same time, we must face the fact that, even with the strongest growth of private employment that is reasonable to anticipate, unemployment will remain much too high through the end of 1977. Temporary work opportunities in the public sector are far preferable to continued reliance on income support for idle workers.

A third objection which has recently been raised against a public jobs program is that its net contribution to new job creation is small, because most of the jobs paid by the program existed anyway. For instance, substitution of Federally funded employees for regular State and local government personnel has been a problem in some places in the past. However, the contention of the Council of Economic Advisers that only one job may be added for every ten jobs funded is grossly exaggerated. To the extent that funding substitution has been a problem, it can be greatly reduced by the adoption of antirecession grants to State and local governments to avert the need for layoffs and the use of the locally initiated work-projects approach to temporary job creation, which is described below.

To assert, as the Council of Economic Advisers has done, that it is impossible to design an effective emergency jobs program is a counsel of despair. The fact that unemployment is going to remain unacceptably high this year and next must be faced. Effective programs must be adopted to provide temporary employment opportunities until an adequate number of jobs become available in the private sector.

Nonetheless, to accommodate criticisms described above, the structure of the emergency jobs program should be modified as it is expanded. Simply increasing the funding for CETA's Title VI without modifying the program has several disadvantages.

First, a further large expansion of the program, which is administered by the State and local governments, would strain the capacity of many of these governments by confronting them with a large influx of temporary workers. To some extent, this has already happened. According to one

study prepared for this Committee, 7/ the need to establish public service jobs quickly under CETA's Title VI early in 1975 led some local governments to develop make-work jobs for newly available employees. Most local governments made good use of these funds, but any make-work job creation resulting from a further expansion of the program could discredit a good method of creating jobs during a recession.

Second, the existing program tends to create expectations of permanent government employment among persons hired for countercyclical purposes. Since some CETA jobs -- those under Title II -- are intended to lead to regular government employment, and since many employees paid under CETA's Title VI are placed in jobs of a permanent nature involving continuing governmental functions, both employer and employee come to expect that these arrangements may continue indefinitely.

A detailed description of program modifications to avoid these problems and to minimize funding substitution was presented in the Committee's Midyear Report. Briefly, local or State governments, nonprofit organizations, Federal agencies, and even private businesses could propose projects and apply to specially constituted regional administrative boards for project funds. Private business would be expected to undertake nonprofit projects. The work projects would have to be activities which would not otherwise be undertaken, which could be completed in one to two years, and which would provide socially valuable goods or services to the community. Such projects might include rehabilitation of housing occupied by

---

7/ Thomas A. Barocci, "The Canadian Job Creation Model and Its Applicability to the United States," Joint Economic Committee, 1976.

low-income persons, construction of bycle parts, care of parklands and public spaces, construction of recreational facilities, and provision of care for the chronically ill.

The distribution of funds should be based on local unemployment rates, as is currently the case under CETA. Once a project is begun, however, its funding should not be interrupted if the local unemployment rate falls. There should be a clear understanding from the beginning that employment will end with the completion of the project. No individual should be employed under this program for more than two years. Financial incentives should be provided to encourage individuals to find regular private or public employment whenever jobs become available. Employees under this program should be eligible for regular unemployment benefits on completion of a project.

Clearly, not everyone currently seeking work could be employed under this program. It therefore should be directed primarily at those who have been unemployed for some time and who lack alternative means of support.

During the past year, the Joint Economic Committee has conducted regional hearings in six cities (Chicago, New York, Atlanta, Los Angeles, Fall River, and Boston). In the course of these hearings, much was learned about the operation of Federal training and employment programs in different areas. The following conclusions emerged:

- The need for a continued and expanded emergency jobs program is keenly felt in all areas visited.

- The existing CETA Title VI program is working reasonably well in most places. It is succeeding in providing jobs for persons who would otherwise be unemployed. In most cases, these persons are performing highly useful work.

• The program can be improved and made even more successful. The program design described above stems in part from the evidence gathered at regional hearings and from studies commissioned by the Committee during the past year.

We are pleased to note that legislation which has recently passed the House and is currently pending in the Senate would continue the Title VI emergency jobs program and would expand it by providing for locally initiated work projects of the kind we have suggested. Enactment of this legislation should receive high priority.

> Emergency job programs should be expanded to provide additional jobs for the cyclically unemployed -- those who normally could find jobs when the economy is operating near capacity. The additional jobs created by this program expansion should be in special projects lasting from one to two years and having a useful and identifiable output. The jobs should be clearly temporary and should make use of skills which the participants already have. This emergency program should be in addition to the existing CETA job training and public service employment programs. Appropriations should be provided to create a total of one million jobs during 1977, including the 600,000 jobs which would be provided under legislation recently passed by the House of Representatives extending and enlarging Title VI of CETA. 8/

8/ Senator Proxmire states: "I am against a job program of this size which is accomplised through public works, which are wasteful and too slow, or through public service jobs where there is a big substitution effect if it gets too large. Instead, I believe we should provide for jobs through a shallow housing subsidy where one job can be created for about $500 instead of $8,000 per public service job and as high as $25,000 for a public works job."

While no public jobs program can be entirely free from criticism, the approach outlined above would overcome many of the defects inherent in the existing program. Without a substantial and innovative program similar to the one described, the United States will continue to suffer high unemployment through the end of this decade. The resulting loss in income and human dignity is unconscionable, as is the erosion in the productive capacity of the labor force.

The emergency one million job program recommended above is only one element of an overall strategy to reduce unemployment rapidly. Countercyclical aid to State and local governments and an accelerated public works program are two other equally essential ingredients. Provision for both of these programs was included in the Second Concurrent Resolution on the fiscal 1976 budget, and both programs would have been authorized by a bill which Congress passed and sent to the President in January. The President's veto of this bill has torn a gaping hole in the comprehensive recovery program that Congress had developed.

The proposed emergency public works program has been criticized on the grounds that the projects would get underway too slowly to be of real benefit in dealing with recession-induced unemployment. If the 1974-75 recession had been as mild as other recessions experienced in the postwar period, this criticism might be valid. However, the recent recession has left an aftermath of high unemployment which will remain throughout the remainder of this decade. Unemployment in the construction industry is especially severe and appears likely to remain so for quite some time. A program of high-priority local work projects which can be initiated quickly and completed during the present period of high unemployment is thoroughly justified and badly needed.

Congress should quickly reenact and the President should sign legislation providing for:

- countercyclical aid to State and local governments, and

- an emergency public works program designed to fund high-priority local work projects.

Providing Jobs for Young People. Teenagers and young adults have always experienced higher unemployment rates than adults. While the unemployment rate among adults 25 years old and older was 5.4 percent in January 1976, that among persons 20 to 24 years old was 12.7 percent, and among teenagers of 16 to 19 it was 19.9 percent. For black teenagers, the unemployment situation was much worse. In January, 34.6 percent of 16 to 19-year-old blacks could not find a job; in many inner city ghettoes, the unemployment rate for teenagers exceeded 50 percent.

The total number of teenagers and young adults who were jobless in January 1976 was 3.7 million -- almost half the total number of Americans unemployed. In addition, there are about 400,000 youths who would be looking for work if it were available -- discouraged workers -- who are not counted in the unemployment statistics. One of the most tragic consequences of the 1975 recession and the severe unemployment projected through 1980 is the economic, social, and psychological impact it will have on many young people.

First, as noted above, many young people will lose the opportunity to develop job skills and work experience, to experiment with different kinds of jobs, and to adjust to the demands of the labor market -- a healthy process which normally precedes entry into a career job.

Second, many youths already have financial responsibilities without having the savings to sustain them during a period of prolonged unemployment. This problem is underscored by the fact that, among young adults (ages 20 to 24), 500,000 household heads are unemployed. In addition, there are also teenagers with family responsibilities. Among unemployed teenagers about 66,000 are household heads.

Third, younger workers are much less likely to be eligible for unemployment compensation. During 1975, only 30 percent of those under 25 were eligible for benefits, compared to more than 75 percent of those over 25.

Finally, prolonged unemployment increases the incidence of crime, drug abuse, and other forms of behavior that can ruin a person's chance of achieving a productive life in the future and that seriously increase the social costs of continued high unemployment.

High unemployment rates among youth result from many factors, including lack of work experience, inadequate job skills, poor job counseling, the weak work attachment of many students, and the rapid influx into the labor market in the past few years of those born during the postwar baby boom.

Data show that over 70 percent of the teenaged unemployed are searching for a first job or are reentering the labor force after a period in school or traveling. By contrast, almost two-thirds of 20 to 24-year-old men are unemployed by the loss of their previous jobs. Among 20 to 24-year-old women, reasons for unemployment were equally attributable to job loss and labor force entry.

About two-thirds of unemployed youths are seeking full-time work. Among teenagers, roughly half are seeking full-time work; among 20 to 24-year-olds, about 85 percent.

Although young workers are to be included in the general countercyclical job creation program described above, a separate program is needed in recognition of the special employment problems faced by youth.

Nearly one-half of the total unemployed are persons under 25 years of age. Extended idleness for young people with little past work experience will result in severe social and economic costs. Congress should give high priority to developing a comprehensive program targeted specifically at the employment needs of young people.

Included in such a comprehensive youth employment program, Congress should consider:

- Continued funding for summer jobs for youth and improvement in the administration of this program. In the summer of 1975, 840,000 jobs for teenagers were funded. The President proposes to eliminate 170,000 of these jobs by the summer of 1977. The serious unemployment problem among teenagers requires, to the contrary, that summer jobs be expanded or, at the very least, maintained at the 1975 level.

- Establishment of a youth employment service within the United States Employment Service to bring professional job placement and job counseling services to youths while they are still in school or when they are first entering the labor force. Assistance should be provided to facilitate the transition from school to work and to expand the availability of job apprenticeships in the private sector.

- Creation of a permanent jobs program directed specifically at young people. A project-type approach to public employment suggested earlier as a countercyclical measure could be adapted into a permanent youth employment program. Such an approach would lend itself more easily to the part-time or temporary employment needs of teenagers

and young adults. The need for such a program is greatest in the next five years when the influx of young people will be greatest. After 1980, teenagers will constitute a diminishing percentage of the labor force.

Stimulating Private Sector Employment. Almost 85 percent of American workers depend on the private sector for jobs and income. Of the persons who are currently unemployed because they lost their jobs, almost 90 percent worked in the private sector. Even with the large-scale public job program recommended above, most of these unemployed will depend on recovery in the private sector for renewed job opportunities. In addition to expansionary fiscal policy, we also must examine more direct methods of stimulating employment in the private sector during the next few years.

There are several reasons for providing incentives for job creation and training in the private sector. First, a well-designed subsidy or tax credit for hiring new workers, if effective, could entail a much lower Treasury cost per job than providing comparable public sector jobs. Second, the output of private jobs expands the supply of goods and services available in the private market and helps to dampen inflationary pressures. Finally, it is generally recognized that on-the-job training is the most effective means for upgrading workers' skills; and this training can be carried on by the trainee's future employer.

While Congress continues to pursue traditional means of improving employment opportunities in the private sector, including expansionary fiscal policies and incentives to business investment, new measures to stimulate additional private job creation and training should be explored.

In the fiscal 1977 budget, the President proposed a new accelerated depreciation provision to encourage construction of new plants in areas with

68-249 O - 76 - 42

unemployment in excess of 7 percent. While the concept of providing special stimulus to job creation in depressed areas is an attractive one, the President's proposal is unlikely to result in a significant net addition of jobs and would not distinguish effectively between depressed areas and others. Furthermore, the proposal would foster capital-intensive instead of labor-intensive operations.

Another incentive to job creation in the private sector, which should be considered by Congress, is an employment tax credit. For example, such a credit could be designed so that any employer who increases his employment in 1976 or 1977 over the previous peak level would be eligible to receive the credit. To qualify, workers hired would have to have been out of work for at least six weeks. An effective credit would probably have to be set at a level close to $1,000 per newly hired employee.

There are two problems with this proposal that should be pointed out. First, there is a potential for significant windfall payments to firms that would expand their employment during the economic recovery even without the employment tax credit. There is no way to eliminate all such windfalls. Even with the possibility of some tax windfall, the jobs created through this proposal still would involve a relatively small cost to the Federal Government. At a maximum credit of $800 per job, for example, if one-half of the jobs qualifying for the credit would have been created anyway, the other half that were due to the credit would involve an average Treasury cost of $1,600 each. If only one-quarter of the new jobs in 1976 were due to the tax credit, each of these would cost $3,200, still less than half of the cost of a public service job.

A second problem with such a proposal, however, is that one cannot predict how many jobs it would create or how swiftly it would create them.

In other words, one cannot tell how reliable such a device would be in helping to reach our unemployment targets. The Committee intends to study further the alternative methods for stimulating employment in the private sector. In addition to the proposal described above, wage subsidies should be considered, especially for improving job prospects for the structurally unemployed.

B. State and Local Government Policies

Operating Budgets

The rise in outlays needed to keep pace with inflation and the shortfall in tax receipts caused by recession undermined the ability of State and local governments to maintain balanced budgets in 1975. Inflation increased expenditures faster than it increased revenues, particularly for local governments that were dependent on property taxes as a major source of revenue. 9/ Recession had several adverse effects. First, it precipitated significant shortfalls in receipts from taxes that are sensitive to the level of income and employment, particularly income and sales taxes. The Economic Report of the President estimates that State and local receipts in 1975 were $27.4 billion below full employment levels. Second, recession increased the number of property tax delinquencies in areas where unemployment rates were high. Finally, the economic downturn increased expenditures for unemployment-related social programs such as welfare and public health.

Early in 1975 many State and local governments used previously accumulated surpluses to finance their current account deficits. As the recession deepened and previously accumulated surpluses were depleted, however, State and local governments were forced to impose tax increases and make expenditure cuts to keep their budgets in balance.10/ These budget adjustments

---

9/ Lags in the reassessment of property values typically cause property tax revenues to fall behind inflation.

10/ For a detailed description of State and local government budget adjustments during the current recession, see "The Current Fiscal Position of State and Local Governments," Joint Economic Committee, May 1975.

prevented State and local government budget deficits from exceeding manageable proportions. However, they also necessitated a major reduction in the level of public services provided by these jurisdictions.

Table IV/5 shows the aggregate fiscal position of the State and local governments in the National Income Accounts (NIA). It supports this interpretation of their adjustment to deteriorating economic conditions.11/ In 1972 and 1973, the enactment of general revenue sharing and strong economic growth combined to

Table IV/5

Surplus or Deficit in State and Local Government Operating Accounts[a/]
(National Income and Product Accounts, Annual Basis)
(billions of dollars)

Year	Surplus (+) Deficit (-)	Quarters	Surplus (+) Deficit (-)
1972	+5.6	1974:I	+0.1
1973	+4.1	1974:II	-1.4
1974	-1.7	1974:III	- .9
1975	-1.1	1974:IV	-4.3
		1975:I	-5.0
		1975:II	-2.2
		1975:III	+1.7
		1975:IV	+1.4

Source: Survey of Current Business.
a/ Does not include surplus or deficit in social insurance trust funds.

11/ While the national income accounts do not measure accurately the budget balance of State and local governments, these data can be used to gauge the direction and extent of changes in this balance.

yield these governments large surpluses in operating accounts. These surpluses were used in 1974 and in the first half of 1975 to offset operating deficits. By mid-1975, however, the accummulated surpluses were depleted, forcing State and local governments to reduce the widening gap that had developed between current receipts and current expenditures. Thus, small surpluses reappeared in the accounts in the second half of 1975.

Several unique factors contributed to the shift in the fiscal position of State and local governments in the second half of 1975. First and most important, Federal grants-in-aid increased throughout 1975. As Table IV/6 demonstrates, increases in Federal grants-in-aid accounted for the entire improvement in State and local operating budgets from the first quarter of 1975 to the fourth quarter of 1975. Second, tax increases and expenditure cutbacks were significant

Table IV/6

Quarter-to-Quarter Changes In Federal Grants-In-Aid And In Balance In State And Local Operating Budgets (NIA Basis)
(billions of dollars)

	1974:IV to 1975:I	1975:I to 1975:II	1975:II to 1975:III	1975:III to 1975:IV
Grants-in-Aid	+4.7	+2.7	+4.0	+ .3
Surplus or Deficit in Operating Accounts	- .7	+2.8	+3.9	- .3

Source: Bureau of Economic Analysis, Department of Commerce.

factors in narrowing State and local budget deficits. Without these adjustments, State and local operating balances would have been much lower in 1975. Finally, the economic recovery began to increase tax receipts in the second quarter. Despite the contribution of economic recovery, however, it is clear that tax increases, expenditure cutbacks, and grant-in-aid increases were the primary factors in the improvement in State and local government balances in the second half of 1975.

In 1976, if the economy recovers at projected rates, the outlook for the aggregate State and local government sector should improve slightly. Expenditures should increase by 8 to 9 percent, while receipts from taxes and fees should increase by a slightly larger percentage. Since grants-in-aid are expected to increase by 9 to 10 percent from 1975 to 1976, the aggregate State and local government sector should be in balance or experience a slight surplus in 1976 if present tax rates and expenditure rates are continued. Many individual governments, however, will continue to experience severe financial difficulties.

However, this balance in the State and local government sector can be accomplished only by holding services at levels significantly below those provided prior to the recession. Thus, while the aggregate State and local sector will experience an easing of budget pressures in 1976, there is no prospect of returning to balanced budgets and also providing prerecession service levels.

The outlook for State and local governments in 1977 will be considerably more bleak if the President's budget proposals are adopted. The slow growth rate in gross national product associated with the President's restrictive budget would cause State and local government receipts from their own revenue sources to grow more slowly than current services expenditures. Thus the gap would widen once again between State and local receipts and expenditures, precipitating a new round of tax increases and service

cutbacks. These budget adjustments can be avoided only if the economic outlook improves more than projected or if Federal grants-in-aid are increased sufficiently to reduce the budget deficits that will otherwise develop.

The level of grants-in-aid suggested in the Administration's budget would not be sufficient to stabilize State and local government finances in 1977. Federal grants-in-aid to State and local governments are projected to remain essentially unchanged in current dollars from FY 1976 to FY 1977. Even with the most favorable assumptions about inflation during this period, real grants-in-aid to State and local governments would decline under the President's request by 4 to 5 percent from FY 1976 to FY 1977. This decline in the real value of Federal grants-in-aid would exacerbate the financial difficulties that State and local governments already would experience if the economy's growth rate slows markedly in 1977.

Moreover, the President's budget also contains several proposals that would increase the costs and responsibilities of State and local governments significantly. Four of these changes would be particularly significant in 1976 and 1977. First, the President's proposal to increase the social security tax rate would require State and local governments to increase their annual contributions to the Social Security Trust Fund in behalf of their employees by $300 million. Second, the proposal to reduce the portion of transportation block grants that can be used for mass transit operating subsidies from 90 percent to 50 percent could require local governments to increase their own expenditures for mass transit above expected levels by as much as $250 million. Third, the President's proposal to phase out extended unemployment compensation benefits and public service employment programs could transfer as many as 600 thousand households to the welfare rolls by mid-1977, thus increasing State and local government expenditures

for public assistance by as much as $1 billion. Finally, the four grant consolidations proposed by the President would reduce total outlays in FY 1977 for the programs they combine by $1.35 billion without an offsetting change in the responsibilities of State and local governments. These changes are summarized in Table IV/7. If carried out, they would increase the pressure on State and local government budgets as their financial positions weaken in 1977.

As long as the economy operates significantly below capacity, the real value of Federal assistance to State and local governments should not be allowed to decline. Congress should reject changes in Federal policies that significantly increase the costs and responsibilities of State and local governments.

While the fiscal position of the aggregate State and local government sector should improve in 1976, there are many jurisdictions that still will experience major budget difficulties. In particular, central cities in the Northeast and Midwest and several States in the Northeast will experience continued budget pressures because unemployment rates in these areas will remain high and revenue shortfalls will persist. Moreover, many of these governments currently are experiencing budget deficits that will have to be offset by balanced budgets or surpluses next year necessitating further tax increases and expenditure cutbacks.

Last year, this Committee recommended that Congress enact a countercyclical revenue assistance program to mitigate the impact of high unemployment on State and local government receipts and expenditures. The Committee suggested that this program could be used to prevent State and local government tax increases and employee layoffs during periods of high unemployment. Congress recently approved this proposal as Title II of the Local Public Works Capital Development and Investment Act of 1975. Unfortunately, however, the bill was vetoed by the President on

Table IV/7

Effect of Proposed Grant Consolidations on Federal Outlays in Fiscal 1977
(millions of dollars)

	Proposed Block Grant	Programs Prior to Consolidation	Change in Outlays due to Consolidation
Financial Assistance for Health Care Act	$ 9,001	9,629	$- 628
Child Nutrition Reform Act	2,367	3,107	- 740
Financial Assistance for Elementary and Secondary Education Act	294	322	- 28
Financial Assistance for Community Services Act	2,500	2,460	+ 40
TOTAL	$14,162	$15,518	$-1,356

Source: Budget of the United States, FY 1977.

February 13, and Congress failed to override the President's veto. Since this legislation is part of the Congressional budget and since many State and local governments will continue to experience unemployment-related budget difficulties, the Committee continues to favor enactment of this important program. Countercyclical assistance should remain available as long as the national unemployment rate exceeds 5-1/2 percent.

The Countercyclical grant-in-aid program should be reenacted by Congress and signed by the President. It should remain in effect as long as the national unemployment rate remains above 5-1/2 percent.

This year, Congress also must decide whether to extend the General Revenue Sharing Program. This program has provided approximately $6 billion annually to 39,000 State and local governments from which the recipient governments could meet locally determined priorities. The program, which has been in existence for five years, is due to expire in December, 1976.

Since its enactment General Revenue Sharing has become an increasingly important component of State and local government operating budgets. While many governments initially used revenue sharing funds for capital construction projects, this assistance recently has been relied on heavily for operating purposes. This trend accelerated in 1975 as the combination of inflation and recession required State and local governments to marshall every available source of funds merely to maintain reasonable levels of public services. Moreover, this shift can be expected to continue in the next two to three years as the budget pressures on these governments persist. Thus a failure to renew the General Revenue Sharing Program in 1976 would significantly weaken the halting progress toward stability in State and local government finances and would precipitate large tax increases and expenditure cutbacks in 1977. For this reason the Committee supports a three year extension of general revenue sharing.

Several minor changes should be made in the program as part of the three year extension. First, the provision in the existing program which limits the per capita allocation to individual local governments to 145 percent of the statewide average per capita allocation should be eliminated. This provision has reduced the amount of assistance that otherwise would be available for the most financially distressed local governments. Many central cities in the Northeast and Midwest would receive increased allocations if this artificial constraint were removed. This limitation should remain in effect, however, for local governments that have adjusted taxes in excess of $400 per capita due to large concentrations of industry and small populations. Second, the constraint mandating that all local governments receive a per capita allocation of at least 20 percent of the statewide average per capita allocation should be removed. This provision provides excessive assistance to jurisdictions that perform only marginal functions, thus encouraging a proliferation of local governments with few responsibilities. Finally, the civil rights enforcement and public participation requirements in the existing legislation should be strengthened and enforced.

The General Revenue Sharing Program should be extended for three years so that State and local governments are assured of receiving this source of Federal assistance to meet current services needs without substantially increasing taxes. The articial constraints on per capita assistance that limit allocations to financially distressed local governments and increase allocations to governments that perform only marginal functions should be phased out. The civil rights enforcement and public participation requirements should be strengthened. 12/

12/ Senator Proxmire states: "I disagree. Revenue sharing should be ended forthwith and Federal tax sources should be shifted to the States instead. Revenue sharing severs the ability and the advantage of spending from the discipline and pain of raising the taxes."

While the General Revenue Sharing program currently is an integral component of most State and local government budgets, the Committee believes that two major changes should be incorporated in the program as the economy returns to full employment. First and most important, the allocation formula should be altered to reflect the disproportionate financial burden that low-income families impose upon State and local governments through their greater requirements for services and lower contributions to revenues. This change should make the revenue sharing formula more redistributive, allocating a larger percentage of shared revenues to the most financially distressed State and local governments.

Second, the revenue sharing program should incorporate financial incentives to encourage the reform of State and local government revenue systems. At the State government level, these incentives should favor State governments that rely more heavily on progressive income taxes as a source of revenue. At the local level, they should encourage regional cooperation among local governments through tax base sharing, consolidation, annexation or other methods designed to distribute local government tax burdens more equitably.

Any further extension of general revenue sharing beyond three years should incorporate the following changes in the program:

(a) Inclusion of incentives to induce greater State use of progressive personal income taxes and more regional cooperation among local governments through tax base sharing, consolidation, or other methods which distribute local government tax burdens more equitably.

(b) Alteration of the allocation formula to direct a larger portion of shared revenues to

those local governments that have higher percentages of low-income families within their boundaries, thus reflecting the disproportionate financial burden that low-income families impose.

Sustaining State Unemployment Funds

One of the most critical problems of 1975 was the heavy strain placed on State unemployment insurance funds due to severe unemployment levels. Fifteen States were able to maintain unemployment benefit payments during the year only by borrowing from the Federal Government, and by the end of 1976 approximately 30 States will require Federal assistance.

In the 1977 budget, the President has proposed replenishing State unemployment insurance funds through an increase in the unemployment insurance tax rate on employers and an increase in the maximum income on which the tax is collected.

The President's proposal, however, would increase the cost of unemployment insurance to the Nation's employers by $2.1 billion in 1977 alone. Like the proposed increases in social security taxes, it would significantly increase the cost to firms of hiring new workers and would discourage new private sector jobs in the early stages of the recovery.

The proposed increase in the unemployment insurance tax rate and tax base should be postponed until the economy returns to fuller use of capacity. Until that time, State benefits should continue to be funded when necessary by borrowing from the Federal Government or by direct Federal grants.

C. Income Security Issues

The 1977 budget proposes several important changes in expenditures for income security programs. The largest component of this category is social security. Here the President would: (a) eliminate the provision that allows some new retirees to receive a lump sum payment in exchange for permanently reduced future benefits; (b) convert the retirement test from a monthly test to an annual one; (c) phase out student benefits; and (d) correct the provision which gives a double inflation adjustment to current workers. All of these provisions deserve careful consideration by the Congress. Congress must realize, however, that the initial impact of these changes on budget outlays will be small. As time passes the outlay impact would certainly grow, especially in the case of the double inflation adjustment.

Much concern has been expressed recently about the basic soundness of the social security insurance system. Table IV/8 shows that in fiscal 1976, for the first time, expenditures exceeded receipts, so that the balance in the Social Security Trust Fund was reduced. If laws remain unchanged, the balance can be expected to decline again in 1977 and future years. We must point out, however, that the Social Security Trust Fund is in no danger of going bankrupt in the next two or three years. The balance at the end of 1976 will exceed $45 billion, and under the economic assumptions in the President's budget, a surplus of $23 billion is projected to remain in the trust fund in 1981 under current law. Adopting the President's proposals would increase the surplus to an estimated $68 billion in 1981.

The declining trend in the Social Security Trust Fund balance is disturbing, and Congress needs to begin consideration of the solutions to this problem. If we begin now, there will be adequate time to solve these problems before they reach a dangerous level.

Table IV/8

Federal Old-Age, Survivors, and Disability Trust Funds
Receipts and Outlays, Fiscal Years 1971-1976
(billions of dollars)

	1971	1972	1973	1974	1975	1976 a/
Receipts	$38.9	$43.2	$49.6	$57.7	$66.7	$70.8
Outlays	35.9	40.2	49.1	55.9	64.7	73.7
Surplus or Deficit	3.0	3.0	0.5	1.8	2.0	-3.0
Balance at end of year	40.8	43.8	44.3	46.1	48.2	45.2

Source: Department of the Treasury

a/ Estimated

The Social Security Trust Fund is in basically sound condition. The single most important thing that can be done to ensure the continued soundness of the social insurance system is to restore health to the overall economy. Even so, some changes will be necessary to avert problems in 1980 or after, but Congress has time to give careful consideration to the full ramifications to these changes.

The fact that the Social Security Trust Fund is declining is not enough information to solve that problem. One must know the cause of the decline. The single most important cause of the drop in the trust fund receipts is the economic recession.

There is no doubt that a recession causes government recepits to fall and expenditures to rise. This is observed for the Government as a whole and the social insurance funds in particular. The Secretary of the Treasury has estimated that, under conditions of full employment, social security receipts in fiscal 1977 would be nearly $10-1/2 billion higher than the actual anticipated level of $96.2 billion. Table IV/9 shows how seriously the current recession has curtailed the receipts of the social insurance funds as a whole. This table includes funds for unemployment compensation, railroad retirement, supplementary health insurance and other purposes, in addition to social security. The social insurance trust funds would have collected over $40 billion in additional receipts had this recession been avoided.

The unusual combination of high inflation with the current recession also has adversely affected the Social Security Trust Fund. The base on which social security taxes are levied rises automatically over time as wages and salaries rise. Benefits paid out, however, rise automatically as the Consumer Price Index (CPI) increases. From 1974 to 1975 the CPI increased 9.1 percent; at the same time wages and salaries increased only 5.1 percent. This usual disparity between wage increases and CPI increases placed an especially heavy burden on the trust fund last year.

68-249 O - 76 - 43

Table IV/9

Impact of Recession on Social Insurance Fund Receipts
(NIA basis, calendar years, billions of dollars)

	Actual Tax Collections	Tax Collections at Full Employment	Revenues Lost Due to Recession
1973	79.4	82.0	2.6
1974	89.4	96.9	7.5
1975	93.5	107.5	14.0
1976 a/	104.0	121.1	17.1

a/Estimated by JEC staff. Assumes no increase in the social security tax rate and no change in unemployment taxes.

A second but less significant problem with the Social Security Trust Fund is that it is called upon to provide more than just retirement benefits. With the enactment of medicare in 1965 the trust fund was expanded to finance hospital insurance for many elderly people. A special part of the payroll tax (1.8 percent of the 11.7-percent total) is set aside to pay for hospital insurance. While we support the concept that an individual makes a contribution toward his pension by paying into the Social Security Trust Fund, we feel that it would be appropriate to change the present law so as to fund hospital insurance from general revenues. The hospitalization benefits a person receives are determined by the reimbursible costs he incurs and bear no relationship to his wages or contributions. Such a change in funding responsibility would in no way alter the balance of the Federal budget on a unified or national income accounts basis but, by holding the payroll tax constant, would increase the balance of the Social Security Trust Fund. The health insurance contributions now comprise over $10 billion per year. The 1975 Advisory Council on Social Security endorsed the idea of general revenue funding for the hospital insurance program. 13/

Since its founding, the social security system has been expanded to provide far more than just retirement benefits for those who contribute. Making many people eligible for benefits who had contributed little has placed a heavy burden on the trust fund. To relieve part of this burden and to avoid further increases in the regressive tax that finances this system, funding responsibility for the hospital insurance program should be transferred from the trust fund to general revenues. Receipts currently collected for hospital insurance should be reallocated to the Old Age and Survivors Disability Insurance Fund.

13/ Communication from Secretary of Health, Education, and Welfare transmitting the Reports of the Quadrennial Advisory Council on Social Security, March 10, 1975.

D. Defense Spending 14/

The President's request for defense represents a significant shift in national priorities. While inflation absorbs much of the dollar increase, there will be a real increase in budget authority in fiscal 1976 over 1975, and there would be a slightly larger real increase for fiscal 1977. In real terms, outlays for national defense would rise very slightly in fiscal 1976 and by 2 percent in 1977. Budget authority in real terms rises by 4.1 percent in 1976 and by 4.7 percent in 1977. 15/ In real terms outlays for the Department of Defense (DOD) alone decline by 1 percent in 1976 and rise by 2 percent in 1977; budget authority for DOD would rise by 3 percent in 1976 and by 5 percent in 1977.

The disparity between defense and civilian expenditures is even greater when personnel costs are excluded from the Department of Defense budget. Pay and allowances account for 51.7 percent of the DOD budget, down from 54.1 percent in 1976. The President's proposed pay cap on military and civilian pay increases is less than the estimated inflation for next year. Thus the nonpay portion of the DOD budget rises by 16 percent in current dollars and by 9 percent in real terms.

The upward trend in defense spending is an outstanding feature of the new budget. The fact that there is a substantial real increase in DOD budget authority in the present fiscal year comes as something of a surprise, because when Congress was acting just a few months ago on the defense appropriation bill, many members believed that the amount appropriated would not comprise significantly more in real terms than in the year before. This belief was based

---

14/ See qualifying comment by Representative Long in footnote on page 110.

15/ The figures cited relate to the national defense functional category in the Budget, including atomic energy defense activities and other defense-related activities. Figures cited subsequently in this section relate to the Department of Defense plus military assistance alone.

on information supplied by the Department of Defense about the amount of inflation for defense purchases. It turns out that the Pentagon overestimated the inflation rate by a wide margin. The result is that the 1976 defense budget shows real growth of over $3 billion in budget authority. The need for a better estimate of inflation in the defense sector is discussed below.

The President's 5-year forecast assumes an average real increase in nonpay defense purchases of 4 percent annually. Total outlays for national defense would reach $142.8 billion in 1981; budget authority would reach $151.5 billion. Defense outlays would rise from 26 percent to 28 percent of the Federal budget. As shown in Table IV/2 above, the allocation of projected spending increases for defense and civilian programs demonstrates dramatically the Administration's decision to emphasize defense.

The wisdom and desirability of a rise in defense spending at the expense of other national needs must be questioned from an economic standpoint. It should be self-evident, despite some recent debate, that enlarging the defense budget is not an appropriate way to effect economic stimulus. Defense spending does not yield the goods and services that people need in peacetime. Its level should be determind with only national security needs in mind. The economy should be managed using other tools of fiscal policy and other macroeconomic measures. This is particularly true when, as in the new budget, the purchase of weapons takes up so large a portion of the increase. Of the $14.4-billion increase in DOD budget authority, $8.1 billion is for increased procurement.

Defense procurement continues to be plagued by cost overruns, schedule slippages, and performance failures. Problems in the aircraft and shipbuilding industries strongly suggest that more efficient operations and improved management of government programs could sharply reduce procurement costs.

For example, the large cost overrun in the C-5A cargo aircraft program is well known. Now, in addition to the overrun, structural defects in the aircraft have resulted in a proposal to rebuild the wings at a cost estimated by the Office of Secretary of Defense at $1.3 billion. If this proposal is implemented, the total C-5A cost overrun, including the extraordinary repair bill, will exceed $3 billion.

Navy shipbuilding programs have been characterized by cost overruns, lengthy delays, and large claims filed by the contractors against the Navy. A year ago the Navy asked Congress for $2.3 billion for the "unanticipated" costs of ships under construction. This request was in addition to the request for new ships. The unanticipated costs can be broken down into the impact of inflation and inefficient government management and shipyard operations. The Senate Armed Services Committee attributed the cost increases, in part, to "low productivity, construction delays, and Navy changes." 16/

Congress approved $1.3 billion of the Navy's request last year, deferring action on the remaining amount. The deferred amount has grown, in the current request, from $1 billion to $1.6 billion, although the overall impact of inflation on defense last year was less than expected. If the current request is approved, a total of $2.9 billion will have been spent for "unanticipated" costs of shipbuilding. 17/

Studies by defense experts and statements by defense officials show that additional efficiencies can be achieved in the use of manpower and military

---

16/ Senate Armed Services Committee Report No. 94-196, p. 23.

17/ It should be noted that the massive increase in foreign military sales is having an adverse impact on the costs of our own defense procurement and thereby exacerbating the cost overrun problem.

bases. More than four years ago the Deputy Secretary of Defense estimated that justifiable base closings could save at least $1 billion annually. Such savings have still not been realized. It has often been said that Congress prevents the Defense Department from closing unnecessary bases. We disagree. Where it has been determined that bases can be closed or realigned to achieve economies, the authority to do so should be exercised. The costs of support and auxiliary functions have been reduced somewhat in the past 2 years but significant reductions are still possible. For example, the ratio of students to instructors is about 1.5 to 1 in military schools compared to about a 15 to 1 ratio in most colleges.

Inequities and anachronisms in the military pay system are also costly. According to a recent study by the Brookings Institution, "As matters now stand, the United States pays more than is necessary to field its military forces . . . ." 18/ Additional savings are possible through lengthening tours of duty and reducing civilian manpower in proportion to the reductions of uniformed personnel made over the past several years. The Committee notes that the number of civilians employed by the Defense Department (approximately one million) exceeds the total number of civilians employed in all the other agencies of the Executive Branch combined. 19/

A strong defense is necessary but the Nation cannot tolerate wasteful practices. The fact that a large sum was reportedly added to the defense request by the President late in the budget cycle and that an additional $3 billion were tacked onto the request as insurance against congressional cuts supports the conclusion that the budget is padded and can safely be reduced.

18/ Martin Birkin, The Military Pay Muddle (1975).
19/ This comparison excludes the Postal Service, which no longer is part of the Executive Branch.

Prime candidates for close examination in the defense budget are certain portions of our strategic forces and our conventional forces for an Asian contingency. For example, a slowdown in the B-1 bomber program could result in substantial savings even when offset by the costs of developing an alternative standoff-type bomber. Without making a judgment as to the relative merits of the B-1 versus a standoff-type bomber, which would be far less costly to build, the Committee notes that the latest versions of the B-52 bomber have a useful life that will extend into the late 1990s, and current plans call for retention of them even after deployment of the B-1. There may not be adequate justification for moving immediately into production of a new bomber that will cost in excess of $20 billion not including armament, operating and support costs.

In addition, a cogent argument exists for slowing down or terminating further improvements in the capabilities of land-based intercontinental ballistic missiles, the phased withdrawal of some of the older land-based missiles, the reduction of the older B-52 bombers, and the slowdown of the advanced tanker aircraft program.

Costs of forces for an Asian contingency are estimated as high as $23 billion annually. In view of the changes that have taken place in Asia with the end of the Vietnam war and our improved relations with China, this huge expenditure should be reexamined. Not only is China perceived as far less threatening to U.S. interests as a result of diplomatic efforts but intelligence analysts no longer view China as an expansionist nation. William E. Colby, former Director of Central Intelligence, testified before the Committee that China has been in a defensive posture militarily for a number of years and that its military procurement has declined sharply since 1970. 20/

20/ Joint Economic Committee hearings, Allocation of Resources in the Soviet Union and China-1975, Part 1, pp. 45, 71, 75.

There are at present about 140,000 military personnel in the Asian region and, in addition, sizeable naval, air, and ground forces in Hawaii and in the U.S. justified by Asian contingencies. Phased reductions without removing any U.S. troops from Japan or South Korea could yield substantial savings. A cut of about one-fourth of these forces, phased gradually over a 5-year period, would reduce outlays by approximately $8 billion annually by 1981.

Potential savings through 1981 from improved efficiency and changes in strategic and Asian forces are indicated in Table V/5. Such savings could amount to $2.6 billion in outlays in 1977 rising to $18.7 billion in 1981. 21/ If the amount of padding and "cut insurance" were taken out of the budget, greater savings could be achieved.

> Congress has the responsibility to provide a defense budget that will assure our national security. We believe that national security can be assured at a 1977 spending level in the range approved by Congress for fiscal year 1976 plus allowance for current inflation. This would mean a reduction from the President's request for budget authority of approximately $6 billion. The remaining amount of about $108 billion would represent a substantial increase in the dollar budget and would provide the U.S. with the resources needed to maintain the world's strongest military force. To achieve the budget reduction, Congress should eliminate waste and whatever padding is in the budget and should scrutinize the requests for new weapons development. 22/

Defense and Inflation. In earlier reports the Committee has discussed the subject of defense spending and inflation. We pointed out in our

---

21/ The changes are discussed in An Economic Evaluation of the Current Services Budget, Fiscal Year 1977, a Staff Report prepared for the use of the Joint Economic Committee. December 1975.

22/See Representative Long's footnote on following page.

22/ Representative Long states: "While I concur with the spirit of this recommendation, I will make independent judgments on defense spending as the appropriate congressional committees make their recommendations. Whether or not the result of my judgments on individual items will be above or below the specific totals listed here, I do not know. My primary concern is the continued security of the United States."

1973 report that no adequate measures of price changes in Federal defense purchases had been developed, although the Committee had urged the Department of Commerce to do so. We therefore questioned the Defense Department's assumptions about the amount of inflation in defense purchases.

The Defense Department's approach was to rely primarily on the nonpay component of the deflator for Federal purchases of goods and services. This approach was defective because the Federal purchases deflator does not separate defense from civilian purchases. The deflator used for Defense Department military and civilian pay was also inadequate because no allowance was made for increases in productivity.

The Committee concluded that, until a defense deflator was developed and published on a regular basis, it would be impossible to know how inflation is affecting defense spending, and we formally recommended that the Commerce Department develop such a deflator.

We are pleased to note that the Commerce Department has moved forward on this project. Last year it published a comprehensive study entitled Measuring Price Changes of Military Expenditure, 23/ which stated: "The most nearly universal conclusion, which can be drawn from examination of existing military price indicators of all or part of defense purchases, is that they are inadequate and possibly misleading as historical measures of price movement." 24/

The Commerce Department, having completed its feasibility study and historical survey, now has begun a major effort, in cooperation with the Defense Department, to develop a defense deflator. The Committee is hopeful that the measure of price changes developed will be specific and discrete enough to provide information about each of the defense industries and by product lines. We look forward to significant progress by next year.

23/ U.S. Department of Commerce, Bureau of Economic Analysis, 1975.
24/ Ibid. p. 267

E. Program Reductions

Within individual program areas, there is certainly room for increased program efficiency and greater productivity. With personnel costs running above $75 billion, it would be foolhardy to suggest that improvements in efficiency and productivity are not attainable. This Committee is willing to cooperate fully with the Executive Branch in achieving those increases.

In a staff study published last December,[25/] changes in the budget were identified which, after a five-year period, could reduce outlays by about $25 billion. Without endorsing these particular changes, we feel that there is sufficient criticism of the effectiveness of these programs to suggest that they be reexamined in light of the competing demand for Federal dollars. To argue that the changes should be made is not necessarily to say that the programs are not useful but only that more efficient use could be made of these Federal funds. Table V/5 shows the savings which might be realized from an orderly reduction in the programs listed.

Another change not included in Table IV/10 which needs to be considered is in the military retirement program. Unlike the civil service retirement program, which is partly funded by employee contributions, military personnel make no contributions toward their pensions. Yet military personnel usually retire earlier and draw much more in pension payments than civilian employees. Benefits paid from general funds for retired military personnel in 1977 will total about $8-1/2 billion; by 1981 these expenditures will grow to about $13-1/2 billion under current law. Since military pay now has been made comparable to civilian pay, it may be appropriate for military personnel to begin contributing to their own retirement benefits as their civilian counterparts do. Such a change might also involve altering the computation of benefits. While drawing no conclusions on this issue, we urge Congress to examine the principle of comparable pay and benefits to assure that it is being applied uniformly.

25/ An Economic Evaluation of the Current Services Budget, Fiscal Year 1977, a staff report prepared for the use of the Joint Economic Committee, December 22, 1975.

Table IV/10

Possible Savings from Selected Program Changes
Fiscal years 1977-1981
(Outlays in billions of current dollars)

	1977	1978	1979	1980	1981
National Defense					
Manpower efficiency	$ .60	$1.20	$2.00	$2.80	$3.80
Procurement efficiency	.50	.80	1.00	2.00	2.00
Asian force reductions	.90	1.70	4.20	5.10	8.10
Strategic force reductions	.60	1.90	3.50	4.50	4.80
Regulatory Changes					
ICC Phaseout	.02	.03	.05	.06	.07
CAB Phaseout	.03	.06	.08	.10	.11
Retirement Changes a/					
Military Annuitants	.09	.22	.32	.50	.62
Civilian Annuitants	.08	.27	.41	.84	1.09
Other					
Ship construction subsidies	.01	.09	.18	.27	.30
Export-Import Bank loans b/	1.10	2.10	2.80	3.40	3.80
Impacted Area School Aid c/	.13	.21	.28	.34	.40
Total	$4.06	$8.58	$14.82	$19.91	$25.09

a/ Change would make increase in retirement benefits equal to increases in the Consumer Price Index.

b/ Loans would be reduced over a 3-year period with all current obligations fulfilled.

c/ The portion of impacted aid for students whose parents do not both live and work on Federal property would be phased out over three years with all present hold-harmless provisions of the law maintained.

There are several areas, not listed in Table IV/10, where additional savings below current service levels might be realized. Receipts from the sale of offshore oil leases are extremely difficult to forecast. They could be above the $1.9 billion included in the current service estimates. The current service estimates include a 12 percent pay increase for Federal workers. If the increase actually granted is less, expenditures will be reduced. Interest rates used in the current service estimates are projected to rise gradually throughout the year. If interest rates are stabilized or decline, expenditures would be correspondingly reduced. We are confident that the Budget Committees will examine these and other areas of the Budget to achieve the maximum savings consistent with the economic goals set forth in this Report.

REPORT OF THE JOINT COMMITTEE ON ATOMIC ENERGY

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON ATOMIC ENERGY,
Washington, D.C., March 12, 1976.

Hon. BROCK ADAMS,
Chairman, Committee on the Budget, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 301(c) of the Congressional Budget and Impoundment Control Act of 1974, the Joint Committee on Atomic Energy is submitting as an attachment to this letter its views and estimates on the budget matters under its jurisdiction.

The Joint Committee's views and estimates pertain to both the Energy Research and Development Administration's and the Nuclear Regulatory Commission's FY 1977 budget estimates, as well as other proposed legislation which could affect FY 1976, the Transition Quarter, and FY 1977 budget estimates. These are the Committee's preliminary views and estimates based on information presently available to the Committee. The final views and estimates of the Committee will be reflected in its action on each piece of legislation presently being considered.

If you have any questions regarding these recommendations, please contact the Joint Committee's Executive Director, Mr. George F. Murphy, Jr.

Sincerely yours,

MELVIN PRICE,
Vice Chairman.

Enclosure.

VIEWS OF THE JOINT COMMITTEE ON ATOMIC ENERGY ON THE PROPOSED BUDGET FOR FISCAL YEAR 1977

March 12, 1976.

Section 202 of the Atomic Energy Act of 1954, as amended, gives the Joint Committee on Atomic Energy exclusive jurisdiction over all proposed legislation relating primarily to the development, use or control of atomic energy. The Committee is currently considering, or will be considering, the following pieces of legislation which could have an effect on not only the FY 1977 budget estimates, but also the estimates for FY 1976 and the Transition Quarter.

1. A bill to authorize appropriations to the Energy Research and Development Administration in accordance with Section 261 of the Atomic Energy Act of 1954, as amended, Section 305 of the Energy Reorganization Act of 1974, as amended, and Section 16 of the Federal Non-nuclear Energy Research and Development Act of 1974, and for other purposes. The Committee has not considered the non-nuclear programs in the ERDA request and does not necessarily endorse the amount shown in the attached schedules for these programs. The amount shown for non-nuclear programs is the amount requested by the Administration and is included in the schedule only for completeness. The ERDA authorization bill, as it relates to the nuclear area, is viewed by the Joint Committee to be of the highest priority. In view of the fact that Dr. Robert Seamans, the ERDA Administrator, has stated that nuclear power, together with fossil energy, exhibits the greatest potential for reducing this Nation's dependence on oil and gas for helping to meet its increasing energy needs between now and the year 2000, the amounts recommended by the Joint Committee are reasonable and necessary. The defense-related programs within the ERDA authorization request are also considered to be top priority. The Committee increased the amount requested by the Administration by $75 million in order to prevent a decrease in the capabilities of ERDA's research laboratories. The Committee's present views and estimates on the ERDA authorization are reflected in the attached schedule.

2. A bill to authorize appropriations to the Nuclear Regulatory Commission in accordance with Section 261 of the Atomic Energy Act of 1954, as amended, and Section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes. The Nuclear Regulatory Commission, through its various regulatory and confirmatory research functions, is responsible for assuring that the commercial development of nuclear energy is in accord with the common defense and security and provides adequate protection to the health and safety of the public and to the environment. Since nuclear power is to play a significant part in our Nation's energy future, a highly professional organization, such as the NRC, must be maintained in order to assure that commercial nuclear energy is safely used. Accordingly, the Joint Committee believes that the amount requested by the NRC should be increased, as shown in the attached schedule, and that this level of budget authority and budget outlays should also be considered of the highest priority. The Committee's current views and estimates on this bill are also reflected in the attached schedule.

3. A bill to authorize supplemental appropriations to the Energy Research and Development Administration for Fiscal Year 1976 (weapons research and development and testing program). If reported by the Committee and if the funds were subsequently authorized and appropriated, this bill would have the following budgetary impact:

	Increases (millions)	
	Budget authority	Budget outlays
Fiscal year 1976	$34	$26.5
Transition quarter	23	17.5
Fiscal year 1977	0	13.0

On March 12, 1976, the Joint Committee ordered that the Administration's bill (S. 3108 and H.R. 12388, identical) be reported.

4. A bill to amend the Atomic Energy Act of 1954, as amended, to revise one of the bases for establishing prices for enriching services provided by the Atomic Energy Commission (S. 2053 and H.R. 8398). If enacted into law prior to the end of April 1976, this bill would reduce ERDA's budget estimates by the following amounts:

	Budget authority (millions)	Budget outlays (millions)
Transition quarter	$4.0	$4.0
Fiscal year 1977	90.8	90.8

If enacted after April 1976, but in time for the revised price to be effective for all of FY 1977, this would only reduce ERDA's FY 1977 budget estimates by $90.8 million.

5. A bill to authorize cooperative arrangements with private enterprise for the provision of facilities for the production and enrichment of uranium enriched in the isotope U–235, to provide for authorization of contract authority therefor, and for other purposes (S. 2035 and H.R. 8401). The Administration estimates that, if enacted, this legislation would not result in any additional Budget Authority or Budget Outlays prior to FY 1978. The Committee has not, as of this date, decided what action it will take on this legislative proposal.

6. A legislative proposal is presently being considered by the Executive Branch which would provide funds to continue work on plans to back up the President's proposal to assure the availability, when needed, of additional uranium enrichment capacity. This proposal could involve additional funding as follows:

	Increases (in millions)	
	Budget authority	Budget outlays
Fiscal year 1976	$6	$4
Transition quarter	35	5
Fiscal year 1977	230	90

68-249 O - 76 - 44

Although such a legislative proposal, if enacted, would require budget authority and outlays in Fiscal Year 1977 and beyond, the costs of such legislation would be recoverable in the form of revenues for the enrichment services. The Committee strongly believes that additional enrichment capacity is urgently needed in order to insure that an adequate supply of nuclear fuel to meet both our domestic needs and commitments with other nations. In view of the urgency of this matter, the Joint Committee has included $230 million in budget authority for this program.

7. The Joint Committee may consider later in this session a legislative proposal to authorize additional funds to ERDA for remedial action which may be recommended for uranium mill tailings piles at twenty-one inactive mill sites in Utah, Colorado and certain other western states. A further report from ERDA on this matter is expected within the next two months. As much as $10,000,000 in budget authority for Fiscal Year 1977 could be involved in any such legislation.

8. The Joint Committee has included in this report $4.9 million in budget authority for the artificial heart program. ERDA did not request any funds for this program. This would result in the termination of the program. The program as far as ERDA's activities are concerned is to develop a plutonium-238 heat source to drive a small engine attached to the artificial heart, the entire package to be implantable within the human body. The program for the development of the totally implantable nuclear powered prototype device has made considerable progress, including the successful implantation of artificial hearts into two calves. The National Heart and Lung Institute is also pursuing several programs, ultimately leading toward an implantable heart for humans. In view of the accomplishments achieved to date with the ERDA artificial heart program, the Committee believes that this particular program merits continuation if this country is to pursue the development of such a device. Accordingly, the $4.9 million the Committee included in ERDA's authorization request is to prevent program termination. The Committee recommends, however, that this program should be included in the National Heart and Lung Institute's budget at the earliest appropriate opportunity.

The attached schedules, which follow the format suggested by the Budget Committee, contain the Joint Committee's recommendations for necessary budget authority and budget outlays for fiscal year 1977.

Attachments.

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
I. Energy research and development administration Authorization of appropriations for fiscal year 1977					
Title I					Title I provides for authorization of appropriations for nuclear energy research and development, basic research, space nuclear systems and other technology, uranium enrichment national security, and related programs.
National defense (budget code 050).					The committee supports the President's request for National Defense-Atomic Energy Related Activities. In addition, the committee recommends that $75,000,000 in budget authority (budget authority) be added to the weapons program to essentially prevent a decrease in laboratory capability. The Committee also recommends that at least $10,700,000 in budget authority be included for extension of the New Production Reactor in Richland, Washington, and that efforts be initiated on a Systems R. & D. Laboratory, Sandia Laboratory, N. Mex.
Operating expenses	$1,558.1	$1,508.6	$1,643.8 (+85.7)	$1,575.9 (+67.3)	
Plant and capital equipment.	385.2	311.2	386.2 (+1.0)	312.2 (+1.0)	
Total, code 050	1,943.3	1,819.8	2,030.0 (+86.7)	1,888.1 (+68.3)	
General science, space, and technology (budget code 250).					This budget functional, category includes ERDA's important space nuclear systems, high energy physics, and nuclear sciences programs. The committee endorses the amounts requested by the President and further recommends that $11,300,000 in budget authority be added to the nuclear sciences program and $6,000,000 be added to the high energy physics program.
Operating expenses	279.7	270.2	297.0 (+17.3)	282.7 (+12.5)	
Plant and capital equipment.	92.3	60.6	92.3 (0)	60.6 (0)	
Total, code 250	372.0	330.8	389.3 (+17.3)	343.3 (+12.5)	
Natural resources environment and energy (budget code 300).					The committee's $241,800,000 recommended addition to the natural resources, environment and energy budget authority totals consists of several adjustments to the President's request. These include increases of (a) $74.0 for Magnetic and laser fusion R. & D.; (b) $24,500,000 for waste management (commercial) R. & D.; (c) $5,600,000 for strengthening the nuclear materials security and safeguards program; (d) $8,500,000 to begin efforts on 2 construction projects for the fission power reactor development program; and (e) $230,000,000 for the funding required to maintain the viability of ERDA's plans for a Government-owned "add-on" enrichment facility to assure adequate future supplies of fuel for domestic and foreign nuclear powerplants. On Jan. 21, 1976, in the President's budget message, it was indicated that ERDA might propose legislation to supplement the fiscal year 1976 ERDA budget in the amounts $6,000,000 in budget authority for fiscal year 1976 and $35,000,000 in budget authority for the transition quarter. According to ERDA, the final submission of a 1976 supplemental depends on the outcome of detailed analysis of the requirements for this facility. The President also indicated that a fiscal year 1977 budget amendment might be necessary. These increases are offset by a $10,000,000 reduction in BA for gas-cooled reactor R. & D. and an increase of $90,800,000 in enrichment revenues which will result from changes to the enrichment pricing criteria.
Operating expenses	1,475.2	1,262.2	1,466.3 (−8.9)	1,232.8 (−29.4)	
Plant and capital equipment.	866.7	636.4	1,117.4 (+250.7)	736.8 (+100.4)	
Total, code 300	2,341.9	1,898.6	2,583.7 (+241.8)	1,969.6 (+71.0)	
Total, title I	4,657.2	4,049.2	5,003.0 (+345.8)	4,201.0 (+151.8)	

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977—Continued

Major issue or program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
I. Energy research and development administration authorization of appropriations for fiscal year 1977					
Title II					Title II provides for authorization of appropriations for nonnuclear energy research, development and demonstration of fossil, solar, geothermal and other forms of energy, and for energy conservation. The joint committee has not considered these nonnuclear programs and does not necessarily endorse the amounts shown. The amounts requested by ERDA are shown only for completeness.
Natural resources, environment and energy (budget code 300):					
Operating expenses	$725.4	$653.3	$725.4 (0)	$653.3 (0)	
Plant and capital equipment.	81.9	40.8	81.9 (0)	40.8 (0)	
Total, code 300	807.3	694.1	807.3 (0)	694.1 (0)	
Total title II	807.3	694.1	807.3 (0)	694.1 (0)	
Title III					Title III provides for authorization of appropriations for environmental research and safety, basic energy sciences, program support, and related programs.
General Science, Space, and Technology (budget code 250):					
Operating expenses	101.6	96.7	101.6 (0)	96.7 (0)	Included in this category are ERDA's material sciences, and molecular, mathematical and geosciences programs. The Joint Committee recommends that no budget changes be made to these programs.
Plant and capital equipment.	7.4	6.6	7.4 (0)	6.6 (0)	
Total, code 250	109.0	103.3	109.0 (0)	103.3 (0)	
Natural resources, environment and energy (budget code 300):					The Joint Committee recommends that the President's budget request be increased in order to continue the artificial heart program and to increase the important nuclear medicine budget. The committee also recommends that the community operations program receive an additional $3,700,000 in budget authority and outlays for fiscal year 1977.
Operating expenses	481.6	467.5	492.2 (+10.6)	476.6 (+9.1)	
Plant and capital equipment.	33.0	36.0	39.0 (+6.0)	39.5 (+3.5)	
Total, code 300	514.6	503.5	531.2 (+16.6)	516.1 (+12.6)	
Total title III	623.6	606.8	640.2 (+16.6)	619.4 (+12.6)	
Total, ERDA authorization of appropriations for fiscal year 1977.	6,088.1	5,350.1	6,450.5 (+362.4)	5,514.5 (+164.4)	
II. Nuclear Regulatory Commission Authorization of Appropriation for Fiscal Year 1977.					
Natural resources, environment and energy (budget code 300).					Committee recommends increased funding to strengthen the NCR's functions of reactor regulation, regulatory research, inspection and enforcement, and nuclear materials security and safeguards.
Salaries and expenses	249.4	236.4	274.3 (+24.9)	259.9 (+23.5)	
Total, NRC	249.4	236.4	274.3 (+24.9)	259.9 (+23.5)	
Committee total recommendation.	6,337.5	5,586.5	6,724.8 (+387.3)	5,774.4 (+187.9)	

II. PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Legislative proposal	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	

There are no budget requests in this category under the joint committee's jurisdiction.

III. PRESIDENT'S BUDGET REQUESTS FOR REDUCTION IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Legislative proposal	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	

There are no budget requests in this category under the joint committee's jurisdiction.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1977

[In millions of dollars]

Identify initiative	Budget authority	Outlays	Comment

No legislative initiatives affecting budget authority for programs under the joint committee's jurisdiction are expected at present.

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1977

[In millions of dollars]

Major issue or program	Fiscal year 1976 budget estimate		Fiscal year 1977 budget estimate		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
Trust Funds for fiscal year 1977							
Natural Resources, Environment, and Energy (budget code 300): Advances for cooperative work.	10.3	10.3	10.3	10.3	10.3 (0)	10.3 (0)	Of this amount, $235,000 relates to a nuclear program under the jurisdiction of the joint committee. The Washington public power supply system advances money to a trust fund to cover ERDA expenses related to the sale of steam from the New Production Reactor at Richland, Wash.

NINETY-FOURTH CONGRESS

JOHN M. MURPHY, N.Y., CHAIRMAN

MORRIS K. UDALL, ARIZ.
PATSY T. MINK, HAWAII
JOSHUA EILBERG, PA.
ABRAHAM KAZEN, JR., TEX.
JOHN B. BREAUX, LA.
GERRY E. STUDDS, MASS.
LES AUCOIN, OREG.
CHRISTOPHER J. DODD, CONN.
WILLIAM J. HUGHES, N.J.
MARTIN A. RUSSO, ILL.
E DE LA GARZA, TEX.
GEORGE MILLER, CALIF.

HAMILTON FISH, JR., N.Y.
EDWIN B. FORSYTHE, N.J.
PIERRE S. (PETE) DU PONT, DEL.
DON YOUNG, ALASKA
ROBERT E. BAUMAN, MD.
CHARLES E. WIGGINS, CALIF.

ROBERT S. HARRISON, CHIEF CLERK

U.S. House of Representatives
Ad Hoc Select Committee on Outer Continental Shelf
Washington, D.C. 20515

STAFF DIRECTOR
CARL PERIAN
MERCHANT MARINE AND FISHERIES

COUNSEL
MARTIN H. BELSKY
JUDICIARY

SPECIAL CONSULTANT
DONALD A. CRANE
INTERIOR AND INSULAR AFFAIRS

MINORITY COUNSEL
CHARLES A. BEDELL
MERCHANT MARINE AND FISHERIES

March 15, 1976

The Honorable Brock Adams
Chairman
Committee on the Budget
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The Ad Hoc Select Committee on Outer Continental Shelf was established on April 22, 1975, pursuant to House Resolution 412. Its membership was drawn from the Merchant Marine and Fisheries, Interior and Insular Affairs, and Judiciary Committees. The Select Committee was established to consider and report to the House on H.R. 6218, a bill "to establish a policy for the management of oil and natural gas in the Outer Continental Shelf, to protect the marine and coastal environment, to amend the Outer Continental Shelf Lands Act, and for other purposes." House Resolution 412 directed the Select Committee to transmit its findings and report to the House by January 31, 1976. House Resolution 977 extended the time of reporting to March 31, 1976. The Select Committee held extensive hearings on H.R. 6218 in 1975. It heard more than 300 witnesses in 14 cities, and compiled a hearing record of more than 8,000 pages. The Select Committee is now well into the last phase of its work -- marking up and preparing its report on the bill. A companion bill -- S.521 -- has been passed by the Senate.

H.R. 6218 is a comprehensive revision of the Outer Continental Shelf Lands Act of 1953. It would require the Secretary of the Interior to establish a national program for the leasing of the Outer Continental Shelf for the development of its oil and gas resources. It would provide alternative economic arrangements for the leasing of the shelf and require the Secretary to experiment with the new arrangements. It would require the Secretary to prepare an exploration plan designed to determine the location, extent, and characteristics of our offshore oil and gas

resources, and would authorize him to contract for exploratory drilling as he determines necessary to implement the plan. It would require lessees of outer continental shelf lands to submit development and production plans for the approval of the Secretary of the Interior and would establish a mechanism for Secretarial consideration and review. This mechanism would impose special requirements on the Secretary with regard to the preparation of environmental impact statements and would permit the views of State governments, local communities, and the public to be fed into the review process.

In addition, H.R. 6218 would require the Administrator of the National Oceanic and Atmospheric Administration to carry out baseline and monitoring studies of the human, coastal, and marine environment affected by offshore operations. It would also require the Secretary of the Interior to promulgate safety regulations for offshore operations. The regulations would be developed by the Administrator of the Environmental Protection Agency, the Administrator of the National Oceanic and Atmospheric Administration, the Secretary of the department in which the Coast Guard is operating, and the Secretary of the department in which the Occupational Safety and Health Administration is operating; and the National Academy of Engineering would conduct a study of the adequacy of existing safety regulations and of the technology, equipment, and techniques for operations in the outer continental shelf. Finally, H.R. 6218 would create an Offshore Oil Pollution Compensation Fund as a non-profit corporate entity within the department in which the Coast Guard is operating. Throughout all these activities, there runs a skein of rule-making and reporting requirements.

The Select Committee has experienced extreme difficulty in attempting to determine the budgetary impact of H.R. 6218. The Congressional Budget Office has experienced similar difficulty and has hired a special consultant to assist it in assessing the costs of this bill. The President's budget request for FY 1977 seeks budget authority of $60,430,000 and outlays of $59,291,000 for the Department of the Interior for the administration of the current offshore leasing program. H.R. 6218 would obviously require increases of these amounts, although the precise level of the increases cannot yet be determined. If the Secretary of the Interior deems it necessary to contract for the implementation

of his exploratory plan, there will be an additional expenditure ranging (according to the Department of the Interior) between $20 and $50 million.

The conduct of a program of baseline and monitoring studies by the Administrator of the National Oceanic and Atmospheric Administration and the study and development of safety regulations by the several agencies involved in this aspect of the offshore oil and gas program would also result in increased costs for the affected organizations. Here, too, the costs cannot be estimated at this time. As for the Offshore Oil Pollution Compensation Fund, it is to be provisioned by the levy and collection of a three-cent-per-barrel fee on the owner of offshore oil when the oil is transferred from a well to a pipeline or vessel (until the Fund reaches $200 million). While the Fund itself will not require Federal funding, H.R. 6218 would authorize $10 million for FY 1977 for the Federal administrative activities related to the Fund.

The Select Committee believes that the Congress should establish an energy impact fund to assist the coastal States in planning for and dealing with the onshore impact of offshore energy activities. The logical approach is to provide for this fund through H.R. 3981, a bill to amend the Coastal Zone Management Act of 1972. H.R. 3981 was passed by the House on March 11, 1976. The estimated budgetary impact of H.R. 3981 was reported to the House Budget Committee by the Merchant Marine and Fisheries Committee. The report indicates that for FY 1977, the energy impact fund would require budget authority of $215 million and outlays of $75.6 million. As of this time, H.R. 6218 makes no provision for an energy impact fund related to offshore energy activities. There is a possibility, however, that H.R. 6218 will be amended to include the energy impact fund created by H.R. 3981. The amendment would be retained in the event that H.R. 3981 is not enacted into law.

Finally, it should be noted that the Outer Continental Shelf Lands Act is also a revenue-producing statute. The President's budget request for FY 1977 estimates that $6 billion will be derived from offshore oil leasing. If the Administration's leasing program is delayed, or if the oil industry sees less potential than the Department of the

Interior for oil and gas recovery from the lands offered for lease, this estimate will have to be revised downward.

As Chairman of the Select Committee, I request that the House Budget Committee include H.R. 6218 in its consideration of its first resolution for FY 1977.

Sincerely,

John M. Murphy
Member of Congress

○

UNIVERSITY OF FLORIDA
3 1262 09112 4767